

**BY-LAWS OF
SEVERAN COURT HOMEOWNERS ASSOCIATION II, INC.**

ARTICLE 1

APPLICABILITY, MEMBERS, MEMBERSHIP AND DEFINITIONS

1. Severan Court Homeowner's Association II, Inc. is a non-profit corporation of the State of New Jersey (hereinafter referred to as the "Association").

2. These are the By-Laws of the Association (hereinafter referred to as "By-Laws") and any prior documents purporting to be the by-laws of the Association are null and void upon the filing of these By-Laws with the Gloucester County Clerk.

3. Pursuant to and in accordance with the Declarations Of Covenants, Conditions And Restrictions recorded in Deed Book 1986, Page 46 et seq. recorded with the Gloucester County Clerk's Office on April 5, 1990 (hereinafter referred to as the "Declaration") the Association is comprised of approximately 30.9882 acres of real property and improvements thereon, including eighty-two (82) residential dwelling units (hereinafter referred to as "Dwelling Units"), two (2) commercial parcels designated as Block 82.100, formerly included within Lots 55 and 56, but currently known as Lots 1 and 2 (hereinafter collectively referred to as "Parcels"), Community Facilities and Limited Community Facilities, all of which are situate in the Township of Washington, County of Gloucester and State of New Jersey (hereinafter referred to as the "Properties").

4. As used in these By-Laws, the term Community Facilities shall refer to that portion of the Properties to which the recorded title is in the name of Association, excluding the Limited Community Facilities.

5. As used in these By-Laws, the term Limited Community Facilities shall refer to that portion of the Properties which include the one storm water detention basin and the storm water and sewer systems, related pipelines and other improvements related thereto which serve the Properties. Additionally, the Limited Community Facilities shall include the three (3) landscaped islands and the ingress and egress to the Properties including curbs on Kings Way. Also, the Limited Community Facilities shall include the perimeter fencing/barrier between the Parcels and adjacent Dwelling Units.

6. As used in these By-Laws, the term "Owner" shall refer to each of the record title owners of the Dwelling Units and Parcels.

7. The administration and management of the Association and the Properties, and, each Owner with respect to the Association, the Properties, other Owners and their respective tenants, guests, licensees, invitees, servants, agents, employees and any other person being allowed on the Properties by an Owner, shall be subject to and governed by

these By-Laws (hereinafter collectively referred to as "Occupants").

8. Provided an Owner is in good standing with the Association, such Owner and such Owner's Occupants shall be permitted to use the Community Facilities subject to the Declaration, these By-Laws and to the Association's Rules And Regulations. As used in this Paragraph 8, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations. Any Owner not in good standing and the Occupants of such Owner, not in good standing, is prohibited from using or enjoying the Community Facilities.

9. (a) Membership in the Association is limited to the Owners of the Dwelling Units and Parcels. The Owners of the Dwelling Units and the Owners of Parcels will have equal membership status between and amongst themselves within the Association provided, that whenever title to a Dwelling Unit or Parcel is vested in two or more persons, such co-owners shall be entitled jointly to one vote for their particular Dwelling Unit or Parcel.

(b) In the event an Owner permits an Occupant to occupy their Dwelling Unit or Parcel, the Occupant shall be permitted to enjoy the Community Facilities and corresponding Limited Community Facilities to the extent that the Owner is so entitled in accordance with the Declaration, these By-Laws and the Rules And Regulations. However, an Occupant shall not vote or nominate any candidate in any election for the Association Board, or, otherwise vote upon any issues relating to the affairs of the Association or in any other matter which arises from or relates to the Association unless the Owner of the Dwelling Unit or Parcel being occupied by the Occupant is designated by the Owner of such Dwelling Unit or Parcel, in writing, to the Association, as the voting representative for such Owner (hereinafter referred to as "Voting Representative").

(c) Every transfer of title recorded with the Gloucester County Clerk to a Dwelling Unit or Parcel shall result in membership in the Association and upon making such transfer, the previous Owner's membership in the Association shall automatically terminate. Except as provided in this Paragraph 7.(C), membership in the Association may not be assigned or transferred and any attempted assignment or transfer thereof shall be null and void ab initio and of no effect.

ARTICLE II

PRINCIPAL OFFICE

1. The principal office of the Association shall be located at an address designated by the Association Board of Directors (hereinafter referred to as the "Board").

ARTICLE III

MEETINGS OF MEMBERS; VOTING

1. All Annual, Regular and Special Meetings of the Board shall be held at the principal office of the Association or at such other suitable and convenient place, or, via Zoom or similar video and/or telephonic and/or electronic communication platform, as may be permitted by law, and from time to time fixed by the Board, and designated in the notices of such meetings. Generally, the Board shall endeavor to have meetings of the Association held at the Washington Township Municipal Building on Egg Harbor Road in Washington Township, New Jersey.

2. The first Annual Meeting of the Board was held in March 1993. Subsequent Annual Meetings of the Board shall be held in January of each year at which time the Members shall elect the Board in accordance with these By-Laws. The Owners or their Voting Representatives may also transact such other business as may properly come before the annual meeting. In December of each year, the Board shall notify all Members of the Association, via electronic mail or otherwise in accordance with New Jersey law, of the next scheduled Annual Meeting of the Board and the next scheduled Regular Meetings of the Board for the following calendar year, including date, time and location, if known.

3. Regular Board meetings will be scheduled by the Board in October of each year, and, additionally, from time to time, as deemed necessary by the Board.

4. All meetings of the Board where a binding vote of the Board is to be taken shall be open to attendance by all Association Owners and Voting Representatives and notice of such meeting shall be provided as follows:

- i. The notice shall be provided via electronic mail or otherwise in accordance with New Jersey law;
- ii. The notice shall be posted on the Association's website, to the extent one is maintained, and, included in any Association newsletter, to the extent one is maintained; or
- iii. The notice shall be personally provided to each Member or designee by mail, hand-delivery, or electronic means.
- iv. The notice shall be filed with the Board member designated as responsible for administering Association business and be maintained by the Board for a period of two years.
- v. The notice shall include the following details:
 - a. The time, date, and location of the meeting; and
 - b. Agenda items to the extent known, which shall include items for discussion, items for action, and reoccurring items, such as passage of a

budget.

5. Special Meetings of the Board may be called by the President, Vice President, Secretary, or, by a majority of the Board and must be called by such officers upon receipt of a written request from Owners owning forty-three (43) or more Dwelling Units and/or Parcels. Such written request shall state the purpose or purposes of the proposed meeting. Business transacted at a special meeting shall be limited to the purposes stated in the notice.

6. Notice of any Regular Meetings or Special Meetings, excluding Special Meetings within seven (7) days following the annual meeting to elect officers of the Board, shall be fixed in advance by the Board and shall not be more than thirty (30) nor less than seven (7) days before the date of the Regular Meeting or Special Meeting. However, the requirements of this Paragraph 6 shall not be applicable in exigent circumstances in which immediate action is necessary to, amongst other things, prevent imminent death, bodily injury or property damage.

7. Notice of any Regular Meetings or Special Meetings shall state the issues to be discussed and identify the names of the persons calling the meeting or the names of those persons calling the meeting. Such notice shall be provided via electronic mail or otherwise in accordance with New Jersey law not less than seven (7) days prior to the date of the meeting. However, the requirements of this Paragraph 7 shall not be applicable in exigent circumstances in which immediate action is necessary to, amongst other things, prevent imminent death, bodily injury or property damage.

8. Notice of meetings need not be given to any Member who personally, or by their Voting Representative, signs a waiver of notice whether before or after the meeting. The attendance at a meeting of any Member or their Voting Representative, without protesting prior to the conclusion of the meeting the lack of proper notice of such meeting, shall constitute a waiver of notice of the meeting by such Member or their Voting Representative.

9. (A) Owners and/or Voting Representatives comprising the interests of at least twenty-five (25) Dwelling Units and/or Parcels, present in person, or, via absentee ballot, shall constitute a quorum at Annual Meetings. The subsequent joinder of Owners or their Voting Representatives in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize the Annual Meeting it cannot be broken by the subsequent withdrawal of a Owner or an Owner's Voting Representative. The Owners or their Voting Representatives present may adjourn an Annual Meeting despite the absence of a quorum. In the event of any such adjourned meeting, further notice of the adjourned meeting shall be provided via electronic mail or otherwise in accordance with New Jersey law.

(B) Owners and/or Voting Representatives comprising the interests of at least fifteen (15) Dwelling Units and/or Parcels shall constitute a quorum at Annual Meetings

or Regular Meetings or Special Meetings. The subsequent joinder of Owners or their Voting Representatives in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize the Regular Meeting or Special Meeting it cannot be broken by the subsequent withdrawal of a Owner or an Owner's Voting Representative. The Owners or their Voting Representatives present may adjourn a Regular Meeting or Special Meeting despite the absence of a quorum. In the event of any such adjourned meeting, further notice of the adjourned meeting shall be provided via electronic mail or otherwise in accordance with New Jersey law.

10. Only Members in "good standing" as provided in N.J.S.A. 45:22A-23 r. shall be entitled to vote in Board elections, vote to amend By-Laws and nominate or run for any position on the Board.

11. A Dwelling Unit or Parcel which has been acquired by the Association in its own name or in the name of its agent, designee or nominee on behalf of all the Association shall not be entitled to vote so long as it continues to be so held.

12. As to Regular Meetings or Special Meetings involving the acquisition or transfer of fee simple title in real property (other than title to a Dwelling Unit or Parcel which shall have been acquired by the Association, which such right of disposition shall be vested in the Board), the affirmative vote of Owners and/or Voting Representatives comprising the interests of at least forty-three (43) Dwelling Units and/or Parcels is required for passage. To the extent a vote is expressly and specifically delegated by the Association Declaration, these By-Laws and the Rules And Regulations to the Members, and not the Board, passage of such vote shall require the affirmative vote of the Owners and/or Voting Representatives comprising the interests of at least a majority of the total Dwelling Units and/or Parcels represented at any given meeting at which a quorum is present.

13. As to matters involving the granting of rights or easements, or as to matters affecting or changing the time limitations to the Declaration, an affirmative vote by a majority of the Board shall be required for passage at which a quorum is present.

14. The Secretary shall compile and keep up to date at the principal office of the Association, a complete list of the Members and their last known Post Office address. Such lists shall also show opposite each Member's name, the address of all Units and Parcel owned, the number of votes which the Owner, or such Owner's Voting Representative, is entitled to vote at meetings of the Association. This list shall be open to inspection by all Members in good standing upon reasonable, written notice to the Association and at a reasonable time. As used in this Paragraph 14, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations.

15. The Secretary shall also keep current and retain custody of the minute book of the Association, containing the minutes of all annual, regular and special meetings of the Association and all resolutions of the Board.

16. The order of business at the annual meeting of the Members shall be:

- (a) Calling the roll.
- (b) Proof of notice of the meeting or certification as to waivers.
- (c) Selection and appointment of inspectors of election.
- (d) Reading of minutes of preceding meeting.
- (e) Reports of the officers.
- (f) Reports of the Trustees.
- (g) Reports of Committees.
- (h) Unfinished business.
- (i) Election of Trustees.
- (j) New business.
- (k) Adjournment.

17. The order of business at all other meetings of the Members shall, as far as practical, conform to the order of business at the annual meeting insofar as the special purpose of the meeting will permit.

ARTICLE IV

BOARD OF DIRECTORS

1. The administration and management of the Association and the Properties, as well as, all Owners and Occupants with respect to the Association, the Properties, and all other Owners and Occupants shall be governed by a Board consisting of five (5) Owners, each of whom shall be over the age of eighteen (18) years and who shall at all time after being elected as a Director to the Board shall be in good standing. As used in this Paragraph 1, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations.

2. The Directors shall be elected for a term of three (3) years on a staggered basis whereby after two consecutive years of electing two candidates for the Board, the following year only one candidate shall be elected. Each Director shall serve until their successor shall be elected and shall serve without compensation. However, in the event a Director does not complete their full three year term, that Director's position shall be subject to election within a year of that Director's termination of their position on the Board.

3. Notice of nomination and election for the Board Directors (hereinafter "Election Meeting Date") shall be provided via electronic mail and otherwise in accordance with New Jersey law to all Members.

4. Pursuant to N.J.S.A. 45:22A-45.2 each calendar year, in either November or December, the Association shall send to every Owner via regular United States Mail, no sooner than sixty days before the Election Meeting Date and no later than forty-five days before the Election Meeting Date, a written invitation to every Owner in good standing, a Nomination Form, to be determined by the Board, to nominate themselves or another Owner in good standing to be a candidate for the Association Board.

5. Any Owner in good standing may fully complete this Nomination Form and return same via regular mail or hand delivery to: Election Committee Chairperson, c/o Severan Court Homeowners Association II, Inc., PO Box 8120, Turnersville, New Jersey 08012 or as otherwise directed in the Nomination Form which must be received no later than thirty days before the Election Meeting Date. As used in this Paragraph 5 the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

6. Although any Owner in good standing may nominate numerous persons, only one nominee per Nomination Form is permitted and each Nomination Form must be legibly completed in full, and received by the Association Election Committee no later than thirty days before the Election Meeting Date in order for any nominee to be placed as a candidate on the ballot for the Director election. As used in this Paragraph 6 the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

7. Each nominee may also attach to their Nomination Form a one 8.5 by 11 inch page resume or personal statement not to exceed 200 words, about themselves and why they want to run for the Association Board. Such resume will be included with the mailing of the sample ballot which shall be mailed via regular United States mail to all Owners at least twenty days before the Election Meeting Date.

8. The Election Committee Chairperson, with the assistance of the Treasurer, shall validate whether a candidate is in good standing and unless and until such candidate is not in good standing, such candidate shall be prohibited from participating in all aspects of the election process. As used in this Paragraph 8 the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

9. The ballot, including sample ballot, shall contain the names of all persons nominated and found to be in good standing as candidates for the Board, listed in alphabetical order by last name. As used in this Paragraph 9 the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

10. The ballot, including sample ballot, shall list each candidate's name in the same font, in the same size, and in the same font color.

11. The ballot, including sample ballot, shall include a space for write-in candidates for as many seats as are up for election.

12. On the Election Meeting Date, the Treasurer, or if the Treasurer is a candidate, another Board officer, shall advise the Election Committee Chairperson in writing about all Members who are in good standing and those Members who are not in good standing to determine who can run and who can vote. All candidates in good standing may speak to the Members on Election Meeting Date about themselves for not more than three minutes prior to the ballots being cast. As used in this Paragraph 11 the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

13. The tallying of all ballots shall be done on the Election Meeting Date before all Owners present and interested in publicly viewing the tallying process. Ballots shall be open to inspection by any Owner for a period of 90 days from the date of the election.

14. A minimum of thirty (30) days prior to the Election Meeting Date, the Association shall notify, via regular United States mail, every Owner who is not in good standing why such Owner is not in good standing. This notice shall also state that Owner has the right to contest the Association's determination why such Owner is not in good standing by requesting Alternate Dispute Resolution. Owners shall be allowed to rectify their standing up to five (5) business days prior to the Election Meeting Date. As used in this Paragraph 15 the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

15. In the case the Board by a majority vote determines, for good cause, it necessary to postpone Election Meeting Date, the Board may do so provided that the election date is scheduled on or before February 28 following the initial Election Meeting Date. The Board must duly publicize the new election date.

16. Upon written request at least thirty (30) days before the Election Meeting Date by an Owner in good standing to vote via mail, the Election Committee Chairperson shall make arrangements to accommodate such a request. All such mail-in ballots must be received via regular United States mail by the Election Committee Chairperson by 5:00 p.m. on the Election Meeting Date.

17. Those candidates receiving the greater number of votes out of the number to be elected shall be declared elected and in case of a tie vote as to the last Board position to be filled, a new ballot shall be cast in order to determine the last successful candidate excluding those with a smaller number of votes who shall be declared defeated. Cumulative voting shall not be permitted.

18. If the office of any Director shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for such purpose, shall choose a successor, who shall serve until the next election for Directors, and, not for the remaining

unexpired term of the Director replaced.

19. Directors may be removed from the Board, with or without cause, by the affirmative vote of Owners and/or Voting Representatives in good standing comprising the interests of at least two-thirds of the Dwelling Units and/or Parcels at any annual or special meeting of Members duly called for such purpose. As used in this Paragraph 19, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations.

20. The first, or organizational, meeting of each newly elected Board of Directors shall be held immediately upon adjournment of the annual meeting on the Election Meeting Date provided that at least three (3) of the five (5) Board of Directors are present. In the event at least three (3) of the five (5) Board of Directors are not present such first or organizational meeting shall be held as soon thereafter as may be practicable provided written notice is given to each Director as set forth in Paragraph 21 of this Article IV.

21. The Board shall meet and conduct work sessions whenever it so determines upon notice to all Directors via electronic mail or upon other means of notice at least at least seven (7) days prior to such work session. All work sessions shall be held at any place and time deemed convenient to the Board.

22. At all duly conveyed meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business unless otherwise expressly provided in these By-Laws or by law, and, the acts of the majority of the Directors present at such meeting at which a quorum is present, shall be the acts of the Board. If at any meeting of the Board there shall be less than a quorum present, the Directors present may adjourn the meeting from time to time, and at any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called, may be transacted without further notice to any Director.

23. The Board shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the administration and management of the Properties, and, each Owner with respect to the Association, the Properties, other Owners and their respective Occupants, and, may do or cause to be done all such other lawful acts and necessary things permitted by the Association Certificate Of Incorporation, Declaration, By-Laws and Rules And Regulations.

24. In the performance of its duties as the administering body of the Association, the Board shall have all powers and duties set forth and/or otherwise authorized by the Association Certificate Of Incorporation, Declaration, By-Laws and Rules And Regulations, including but not limited to the following:

- A. The operation, management, maintenance, renewal, replacement, repair, care, cleaning, upkeep and protection of the Community Facilities and all other property, real or personal, of the Association.

- B. The preparation not later than October 15 of each calendar year of a budget for the Association for the next succeeding calendar year which shall include, but not limited to, reasonable reserves for depreciation, retirements and renewals. The total amount of such budget or estimate shall be assessed against all of the Dwelling Units and the Owners thereof. The owners of each of the Parcels shall be assessed ten percent (10%) of the total budget for general operations and all other owners of the Dwelling Units shall be assessed, proportionally, the balance of the budget. The owner(s) of the Parcels shall also be assessed an amount necessary to maintain the roadways, the three (3) landscaped islands and the ingress and egress to the Properties including curbs and street lighting on Kings Way, the storm water detention basin and the storm water and sewer systems. The amount assessed to each Owner shall be payable by the Owner thereof to the Association in four (4) equal installments on the first day of January, April, July and October to each year. On or before the due date of the first quarterly installment, the Association shall prepare and deliver or mail to each Owner a statement showing the amount thereof and the amount assessed against each Dwelling Unit and each Parcel for the entire fiscal year, and shall not be obligated to give notice of any subsequently accruing quarterly payments for such fiscal year, and the omission of notice of such installment shall not relieve such Owner from their obligation to apply such quarterly payment promptly when and as they become due and payable. The omission by the Board to fix the assessments for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions hereof or the Association Certificate Of Incorporation, Declaration, By-Laws and Rules And Regulations, or, constitute a release of the Owners from the obligation to pay the assessments, or any installment thereof for any such year, but the assessment fixed for the preceding fiscal year shall continue until a new assessment is fixed.

- C. By majority vote of the Board, to adjust or increase the amount of any annual assessment and quarterly installments thereof, and to levy and collect in addition thereto, special assessments in such amounts as the Board may deem proper, whenever the Board is of the opinion it is necessary to

do so in order to meet increased operating or maintenance costs, or additional capital expenses, or because of emergencies; provided, however, that all such increased or special assessments shall be made or levied against the Owners and the Dwelling Units and Parcels owned by them respectively, in the same proportions or percentages as provided in Subsection B, Paragraph 24 of this Article IV.

- D. To use and expend any sums collected from such assessments for the operation, management, maintenance, renewal, replacement, repair, care cleaning, upkeep and protection of the Community Facilities and all other property, real or personal of the Association. No expenditures for capital improvements in excess of \$15,000.00 (Fifteen Thousand Dollars) for any one item shall be made by the Board without the affirmative vote of Owners, in good standing, and/or their respective Voting Representatives comprising the interests of at least twenty-five (25) Dwelling Units and/or Parcels at a Regular Meeting or Special Meeting. As used in this Subsection D, Paragraph 24 of this Article IV, the term "capital improvements" shall mean only the full installation of an improvement not situate upon the Properties as of January 1, 2023. As used in this Subsection D, Paragraph 24 of this Article IV, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations. In the event there shall be any surplus monies remaining at the end of each fiscal year, then the same shall be carried forward to the ensuing year.
- E. To require all officers and employees of the Association or other parties responsible for funds of the Association or funds in its possession or under its control to furnish adequate fidelity bonds, in form, with penalties and with corporate surety, satisfactory to the Board. The premium on such bonds shall be paid by the Association.
- F. To pay all taxes and assessments levied or assessed against any property of the Association, exclusive of any taxes or assessments levied against any Dwelling Unit or Parcel owners or otherwise properly chargeable to such other person.
- G. To employ and dismiss such clerks, workmen, janitors, watchmen, and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board may from time to time be necessary for the proper operation and/or maintenance of the Community Facilities

and/or Limited Community Facilities, except the portions thereof required to be maintained by Owners.

- H. To collect delinquent levies or assessments made by the Association through the Board against any Dwelling Units and Parcels and the respective Owners and Occupants thereof, or to assess or collect fines or abate or enforce any violation of the Declaration, these By-Laws and the Association's Rules And Regulations against any Owner or Occupant, and to seek and obtain full reimbursement for all monies, costs and expenses incurred in connection therewith, or, related to or arising therefrom including but not limited to all legal fees and reimbursements, including attorneys' fees and paralegal fees, copying costs, legal research fees, mileage, mailing costs, deposition fees, expert fees, parking fees, travel expenses, filing fees, and court costs whether incurred by the filing of a lawsuit or which was otherwise deemed necessary or appropriate by the Board.
- I. To employ or retain legal counsel, engineers, accountants and other professionals and to fix their compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association, including but not limited to those hereinbefore and hereinafter referred to in the Association Certificate Of Incorporation, Declaration, By-Laws and the Association's Rules And Regulations.
- J. To cause such operating accounts, and escrow and other accounts, if any, to be established and opened as the Board may deem appropriate from time to time and as may be consistent with good accounting practices.
- K. (a) When expressly directed by the Board, to cause a complete audit of the books of accounts of the Association to be made by a competent certified public accountant at the end of each fiscal year and at such other time or times as may be deemed necessary. The Treasurer shall also prepare at the end of each fiscal year a report of the business and affairs of the Association, showing its transactions and reflecting fully and accurately its financial condition, which is available for inspection by Owners in good standing. As used in this Subsection K (a), Paragraph 24 of this Article IV, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations.

(b) To keep detailed books of account, chronologically ordered, of the receipts and expenditures affecting the Association and its administration and specifying the amount of the Association expenses, receipts and other monies.

L. To make and enforce compliance with such reasonable Rules And Regulations, including fines and reimbursement for all attorneys' fees and costs incurred by the Association to address violations of the Declaration, and/or, By-Laws, and/or, Rules And Regulations, relative to the operation, use and occupancy of the Dwelling Units, Parcels and Community Facilities, as well as, the administration and management of the Association and the Properties, and, each Owner with respect to the Association, the Properties, other Owners and their respective Occupants, and, to amend the same from time to time as the Board shall deem necessary or appropriate, which Rules And Regulations and copies of any amendments thereof shall be delivered or mailed to each Owner promptly upon the adoption thereof. The Rules And Regulations may also be changed by a vote of Owners in good standing representing forty-three (43) Dwelling Units and/or Parcels. As used in this Subsection L, Paragraph 24 of this Article IV, the term "good standing" means any person who is in full compliance with the Declaration, these By-Laws and the Association's Rules And Regulations.

M. Insurance

(a) The Board shall be required to obtain and maintain, to the extent it is available, the following insurance upon the Dwelling Units, the Community Facilities, and upon equipment and personal property owned by the Association. If agreeable to the insurer, such policies shall include provisions that they be without contribution, that improvements to Dwelling Units made by Dwelling Unit owners shall not affect the valuation of the Dwelling Unit for the purposes of insurance, and that the insurer waives its right to subrogation as to any claims against Dwelling Unit owners, the Association and their respective families, employees, servants, agents, guests and invites. The coverages shall be against the hereinafter enumerated perils and contingencies:

(1) Comprehensive public liability and property damage, in such amount

and in such forms, as shall be required by the Association, including but not limited to, water damage, legal liability, hired automobiles and off-premises employee coverages.

- (2) Workmen's Compensation coverage to meet the requirements of law.
- (3) Fidelity Insurance covering those officers and employees of the Association and those agents and employees hired by the Association who handle Association funds, in amounts as determined by the Association.

All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association and the Dwelling Unit owners, as a group, to an individual Dwelling Unit owner.

- (b) All insurance policies maintained by the Association shall be for the benefit of the Association and the Dwelling Unit owners, and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds for the benefit of the Association, the Dwelling Unit owners, and their respective mortgagees in the following manner:
 - (1) Proceeds on account of damage to Community Facilities shall be held by the Association to be used for repair, reconstruction or distribution as hereinafter set forth.
- (c) The Board shall secure an appraisal annually of the insured premises, and shall revise the insurance coverages so as to adequately cover the premises.

N. Damage by Fire or Other Casualty - Reconstruction:

- (a) Damage to or destruction of any improvements on the Community Facilities or any part thereof or to any property owned by the Association or any part thereof

covered by insurance maintained or required to be maintained by the Association shall be repaired and restored by the Association using the proceeds of any such insurance. The Dwelling Unit owners directly affected shall be assessed on an equitable basis for any deficiency and shall share in any excess.

- (b) If the proceeds of such insurance shall be inadequate by a substantial amount to cover the estimated cost of restoration of an essential improvement or the Community Facilities and if seventy-five percent (75%) of the Dwelling Unit owners voting in accordance with the procedures established by the By-Laws shall determine not to repair or restore, the Association shall proceed to realize upon the salvage value of the Community Facilities so damaged or destroyed either by sale or such other means as the Association may deem advisable and shall collect the proceeds of any insurance. Thereupon the net proceeds of such sales, together with the net proceeds of such insurance shall be considered as one fund to be divided among the Dwelling Unit owners in proportion to their respective undivided ownership of the Community Facilities after provision for liabilities of the Association and the Board and officers arising out of the performance of their duties hereunder. In such event, the Declaration shall terminate and an instrument accomplishing and evidencing such termination shall be delivered to the appropriate governmental official by the President of the Association. Any liens or encumbrances on any affected Unit shall be relegated to the interest in the fund of the Dwelling Unit owner of such Dwelling Unit.
- (c) Notwithstanding destruction of a Dwelling Unit and the resulting inability to occupy same, the owner of the Dwelling Unit will remain liable for assessments for Community Facilities until such time as damaged Dwelling Unit is sold or transferred, however, liability for assessments will continue with the purchasing party.
- (d) In all instances, the responsibility for reconstruction and repair of Community Facilities after casualty shall be that of the Association, which shall obtain estimates of the costs of repair and shall, to the extent that the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction and repair by the

Association, assess all the Dwelling Unit owners, in accordance with their shares, for such additional funds as may be required to complete the reconstruction and repair. The Association shall not be required to restore or make available funds to restore improvements to or within a Dwelling Unit made by the Dwelling Unit owner and not covered by insurance carried or required to be carried by the Association.

- (e) The funds for payment of costs of reconstruction and repair after casualty shall consist of proceeds of insurance held by the Association and funds collected by the Association from assessments against Dwelling Unit owners and shall constitute and account to be known as a "Reconstruction and Repair Account," which shall be disbursed in payment of such costs in the following manner:
- (1) If the amount of the estimated cost of reconstruction and repair is less than Ten Thousand Dollars (\$10,000.00), the Reconstruction and Repair Account shall be disbursed in payment of such costs upon the order of the Board.
 - (2) If the amount of the estimated cost of reconstruction and repair of the building or other improvements are more than Ten Thousand Dollars (\$10,000.00), the Reconstruction and Repair Account shall be disbursed in payment of such costs in the manner required by the Board but only upon approval of an architect qualified to practice in the State of New Jersey and employed by the Association to supervise the work.
 - (3) It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in the Reconstruction and Repair Account after payment of all costs of reconstruction and repair for which the Reconstruction and Repair Account is established, such balance shall be distributed to all of the Dwelling Unit owners whose interests are

reflected in such Reconstruction and Repair Account by reason of their having contributed thereto in proportion to their contributions.

- O. To prosecute all proceedings with respect to the taking, injury or destruction by eminent domain of the Community Facilities or any part thereof, or any Association property; provided, however, that the Board shall not compromise any claim without the affirmative vote of Owners or their Voting Representatives representing at least a majority of the total outstanding votes of the Owners in good standing at an annual meeting or special meeting thereof called for that purpose. The Board shall also determine whether it shall be appropriate to apply any sums payable with respect to such taking, injury or destruction to the repair or replacement of the Community Facilities or Association property injured or destroyed as a result thereof and shall distribute any sums not so applied as directed by the Board. As used in this Subsection O, Paragraph 24 of this Article IV, the term “good standing” means any person who is in full compliance with the Declaration, these By-Laws and the Association’s Rules And Regulations.
- P. To purchase or acquire by foreclosure title to any Dwelling Unit or Parcel on which the Association has a lien as a result of the failure of a Owner to pay such Owner’s pro rata share of assessments following execution upon such lien in order to protect the interest of the Association and the Members thereof, and otherwise to hold, lease, sublet, mortgage and convey the same.

ARTICLE V

OFFICERS

1. The officers of the Association shall be a President, Vice President, Secretary and a Treasurer. The Secretary may be eligible to the office of Treasurer. The President and Vice President shall also be members of the Board.

2. The officers of the Association shall be elected annually by the Board at the organization of each new Board and shall hold office until their successors are elected or appointed by the Board and qualify, provided that each officer shall hold office at the pleasure of the Board and may be removed from their office either with or without cause and their successor elected at any annual regular or special meeting of the Board called for such purpose, upon the affirmative vote of majority of the members of the

Board. The Board may, from time to time, appoint such other officers as in Director's judgment are necessary.

3. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board. The President shall have the general powers and duties usually vested in the office of President of an Association, including but not limited to, the power to appoint committees from among the Members (and Voting Representatives) from time to time as the President may deem appropriate to assist in the conduct of the affairs of the Association. The President shall execute such deeds, leases, mortgages, bonds, notes, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal if required, except when such documents are required or permitted by law to be otherwise executed and except when the signing and execution thereof shall be delegated by the Board to another officer or agent of the Association.

4. The Vice President shall perform all duties as shall be delegated to the Vice President by the President. The Vice President shall serve as Chairman of the respective committees which the President shall deem appropriate. The Vice President shall exercise the powers and perform the duties of the President in the President's absence or disability.

5. The Secretary shall attend all meetings of the Board and all meetings of the Members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose and shall have charge of the minute book and such records and a paper as the Board shall direct and perform all duties incident to the office of Secretary, including the sending of notices of meetings to the Members, the Board and committees and such other duties as may be prescribed by the By-Laws or by the Board or the President. The Secretary shall also have custody of the corporate seal and when authorized by the Board, affix the same to any instrument requiring it and attest to the same when appropriate.

6. The Treasurer shall have responsibility for the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Association as may from time to time be ordered by the Board or by the President, making proper vouchers for such disbursements and shall render to the President and Directors, at the regular meetings of the Board of whenever they or either of them shall require, any account of the Treasurer's transactions as Treasurer and of the financial condition of the Association.

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

8. The officers shall have the right to purchase Directors and Officers liability insurance while discharging the duties of their office and shall have the Association charged for this expense.

ARTICLE VI

INDEMNIFICATION OF OFFICERS AND DIRECTORS

1. The Directors and officers shall not be liable to the Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify every Director and officer, and, their heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by such Director and officer in connection with, or, arising from and relating to any action, suit or proceeding to which such Director and officer may be made a party by reason of their being or having been a Director or officer of the Association except as to matters as to which such Director and officer shall be finally adjudged in such action, suit or proceeding to be liable for willful misconduct or bad faith. In the event of a settlement, indemnification shall 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 willful misconduct or bad faith in the performance of their duty as such Director or officer in relation to or other right of which such Director or officer may be entitled. All liability, loss, damage, cost and expenses incurred or suffered by the Association by reason or arising out of or in connection the foregoing indemnification provisions shall be paid the Association; provided, however, that nothing in this Article VI shall be deemed to obligate the Association to indemnify any Member or Owner, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by them under and by virtue of their membership in the Association or as a Dwelling Unit owner or as a Parcel owner.

ARTICLE VII

TRANSFER OF UNIT OWNERSHIP

1. An Owner who sells their Dwelling Unit or Parcel shall notify the Association of the name and address of the purchaser of their Dwelling Unit or Parcel and the Association shall maintain such information in a book entitled purchases. Notification must be made, in writing, to the principal office, no later than thirty (30) days in advance of sale of the Dwelling Unit or Parcel.

2. The Directors whenever so requested in writing by a Dwelling Unit owner or Parcel owner attempting to sell a Dwelling Unit or Parcel shall promptly report any then monies due the Association, including unpaid fines, legal fees and

assessments due from any Owner.

3. The Directors when giving notice to a Owner of a default in paying monies due the Association shall send a copy of such notice to the realtor, title company and purchaser of such Dwelling Unit or Parcel.

4. Each mortgagee of a Dwelling Unit or Parcel who shall have given the aforesaid information to the Association shall be permitted to examine the books of account of the Association at reasonable times, on business days.

ARTICLE VIII

MEDIATION RESOLUTION

1. In the event of a complaint by a Member against the Association, arising from or relating to a violation of the Declaration, and/or, By-Laws, and/or Rules And Regulations, the following procedures shall be followed prior to any legal action being instituted:

- a. A complaint in writing shall be submitted by the Member to the Association detailing the grievances.
- b. Within thirty (30) days of the receipt thereof a mediation shall be scheduled by the Board with a mediator who is not a member of the Board and who is not involved with the Member who has submitted the complaint. Representatives of the Board and the Member are permitted to participate in the mediation.
- c. After the mediation, if no amicable agreement is reached between the Member and the Association, the Member may file suit against the Association.

2. In the event of a complaint by one Member against another Member, arising from or relating to a violation of the Declaration, and/or, By-Laws, and/or Rules And Regulations, the following procedures shall be followed prior to any legal action being instituted:

- a. A complaint in writing shall be submitted by the Member to the Association detailing the grievances.
- b. Within thirty (30) days of the receipt thereof a mediation shall be scheduled by the Board with a mediator who is not a member of the Board and who is not involved with the

Member who has submitted the complaint. Representatives of the Members are permitted to participate in the mediation.

- c. After the mediation, if no amicable agreement is reached between the Members, the Member filing the complaint may file suit against the other Member.

3. In the event of a complaint by the Association against a Member, arising from or relating to a violation of the Declaration, and/or, By-Laws, and/or Rules And Regulations, the following procedures shall be followed prior to any legal action being instituted:

- a. A complaint in writing shall be submitted by the Association to the Member detailing the grievances.
- b. Within thirty (30) days of the receipt thereof by the Member a mediation shall be scheduled by the Board with a mediator who is not a member of the Board and who is not involved with the Member who has submitted the complaint. Representatives of the Board and the Member are permitted to participate in the mediation.
- c. After the mediation, if no amicable agreement is reached between the Member and the Association, the Association may file suit against the Member.

ARTICLE IX

FISCAL YEAR

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

ARTICLE X

CORPORATE SEAL

1. The corporate seal of the Association shall contain the name "Severan Court Homeowners Association II, Inc.

ARTICLE XI

AMENDMENTS TO BY-LAWS

1. Amendments to the By-Laws may be proposed by either the Board or by Owners, in good standing, who represent at least forty-three (43) Dwelling Units or Parcels. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon. As used in this Article XI the term "good standing" is defined in N.J.S.A. 45:22A-23 r.

2. The affirmative vote of the Owners in good standing or their Voting Representatives representing forty-three (43) of the total outstanding vote of the Association shall be required to amend these By-Laws.

3. Amendments to the By-Laws may be proposed by the Board and approved in accordance with N.J.S.A. 45:22A-46d.(5)(a).

4. Amendments to the By-Laws may be proposed by the Board and approved in accordance with N.J.S.A. 45:22A-46d.(5)(b).