

INTRODUCTION TO CRESTWOOD VILLAGE CO-OP TWO, INC

In very broad terms, a Co-Operative is a joint undertaking by several people with a common interest. The common interest of this Co-Operative is housing-as attractive, peaceful and economical as possible. This Co-Operative is a corporation in which each member is part owner of all the Co-Operative assets. Title to the land and buildings is in the corporate Co-Operative, not the individual members. Each member is entitled to a Membership Certificate and Proprietary Lease for a dwelling unit. Each member is entitled to vote as to how the Co-Operative shall be managed. A Board of Trustees is elected by the membership for this purpose.

Crestwood Village Co-Op Two, Inc was incorporated pursuant to Chapter 15 of the laws of the State of New Jersey as a non-profit corporation on March 16, 1970. As set forth in Article Fifth of its Certificate of Incorporation, the main purpose for which the Co-Operative was formed was to provide housing on a Co-Operative non-profit basis for its membership, each member being entitled to a Proprietary Lease for a designated dwelling unit based upon the value paid for the Membership Certificate.

Originally, it was estimated that the Co-Operative would include 2,500 dwelling units; however, this was reduced to a total of 970 units. This was increased by additional units at a later date upon conversion of the model area now used by the developer of Crestwood Village to dwelling units. The total number of units in Crestwood Village Two is 1024 units.

Pursuant to the prospectus of the developer, the Co-Operative was to be put under the independent control of a Board of Trustees elected by the membership at the end of ten years. It did not take that long. On October 1, 1973, a Board of Trustees assumed full and independent control of the Co-Operative for the benefit of its membership and has continued same to this date.

The original 970 dwelling units increased in 1985 to 982 units. These units are apportioned as follows: Devon, Georgetown and Hampshire, 2 units each; Essex B, 4 units; Madison 32 units; Yorktowne, 48 units; Cambridge, 86 units; Stratford or Sherwood, 130 units; Essex A or Edgewood, 132 units; Windsor or Westwood, 152 units; Lexington or Lakewood, 160 units; Oxford or Oakwood, 232 units. These units are constructed upon 207.17 acres of land located at Whiting, Manchester Township, and Ocean County, New Jersey.

During 1986, the Co-Op acquired 42 additional units in the model homes area, constructed upon 7.286 acres and are apportioned as follows: Andover, Wessex, Canterbury, Edgemont, Bedford, Newbury, Yardley and Hallmark, 1 unit each; Madison, Essex B, Glenview, Dunbar, Orleans, Fairfax, Sherbourne and Lynwood, 2 units each; Edinboro and Westbury, 3 units each; Essex I, Mansfield and Windsor, 4 units each.

The total number of units in the Co-Op is 1024. During the year 1985, the Co-Op acquired 2.13 acres of land adjoining Harmony Hall. In 1994 the Co-Op acquired 18.6 acres on Schoolhouse Road, including Mallard Pond, making a total of 235.18 acres.

1. LAND ON WHICH UNITS ARE LOCATED

The land area of the village comprises of 234.186 acres and is listed in Manchester Township Tax Rolls under various block and lot references based upon location and acreage, not dwelling units.

All of our land, including the buildings thereon, is free and clear of any incumbrances. We have a Title of Guaranty policy on the land with the South Jersey Search Co. in the amount of \$5,000,000.00.

While there is limited public transportation, private buses are provided by the Co-Op for the purpose of transporting Co-Op members to nearby shopping centers and Houses of Worship. The cost of the bus service is included in the monthly carrying charge.

2. BUILDINGS

The Co-Op offers to Certificate Holders, the choice of a studio, or a one or two bedroom unit.

All such dwelling units are built on ground level with attic storage space and crawl space beneath the main living area.

All of the units were constructed in accordance with the plans and specifications prepared by Sergey Padukow, Licensed Architect, Toms River, N.J. and Richard E. Martin Associates, Philadelphia, Pa., which plans and specifications have been filed and approved by the zoning officer of Manchester Township and by the N.J. Commissioner of Community Affairs, pursuant to the Hotel and Multiple Dwelling Health and Safety Law (R.D. 1967-C76).

Copies of all said plans and specifications are on file with Manchester Township authorities and the State of New Jersey Bureau of Securities.

3. RECREATIONAL FACILITIES

The Co-Op provides recreational facilities consisting of a community recreation hall, a picnic grove, bocce and shuffleboard courts. Reasonable fees may be charged by the Co-Op for the use of such facility by the residents for parties at a cost to cover expenses. The recreational hall should not be rented to outsiders without the permission of the Trustees.

A library was completed November 11, 1995 with a bequest from the Estate of Vincent J. Miller. The library is open to the community at large at the discretion of the Board of Trustees.

4. FACTS RELATING TO THE CERTIFICATE OF INCORPORATION

The Certificate of Incorporation of the Co-Op provides, among other things, that the primary purpose of the Co-Op is to provide homes and recreational facilities for its members, and that its members, by reason of their ownership of Membership Certificates in the Co-Op, shall be entitled to Proprietary Leases enabling them to occupy units in the Project. The Certificate of

Incorporation also empowers the Co-Op to buy and sell land, enter into contracts, such as management and maintenance contracts and construction contracts and other agreements as restricted in other sections of the By-Laws (page 20, Sec 4(g)) which the Co-Op deems necessary in order to carry on its purposes and intentions.

5. FACTS RELATING TO BY-LAWS

The By-Laws of the Co-Op provide, among other things, that a Membership Certificate shall not be sold or transferred except as therein provided; that the Proprietary Lease of the transferor shall be terminated upon such transfer and that the transferee shall thereupon be entitled to a new Proprietary Lease, in the manner set forth in the By-Laws; that the Co-Op shall at all times have a lien upon the Membership Certificate owned by all members to secure the payment by such members of all taxes, insurance, carrying charges, and other charges which may become due and payable by such members pursuant to the provisions of the By-Laws, Proprietary Lease, or any other agreement duly entered into by the Co-Op; to secure the performance by the members of all of the covenants and conditions arising out of their membership in the Co-Op shall be bonded by a surety company; and that all books and records of the Co-Op shall be audited by a Certified Public Accountant.

6. ACQUISITION OF MEMBERSHIP CERTIFICATE

Membership Certificates are available only when for one reason or another an owner makes one available for resale.

You may elect to sell your Membership Certificate on your own or engage the services of a sales agency of your own choice.

In the event that the sale is effected by yourself or through a sales agency of your own choosing rather than that recommended by the Co-Op as one familiar and experienced with Co-Op residential ownership, it is necessary that a meeting be arranged with the prospective purchaser and a member of the Board of Trustees so that a full opportunity is available to the purchaser to learn the nature and responsibilities of Co-Operative membership, etc. This is an excellent opportunity to review the By-Laws and Rules and Regulations of the Proprietary Lease in order to prevent any future misunderstandings. Upon receipt of a signed contract, the Village Manager will transmit copies of the bylaws and rules and regulations to prospective purchasers for acknowledgement and acceptance at the purchaser's expense. Copies are available on-line.

The purpose of a Membership Certificate in a Co-Operative housing community is more than an application for a place to dwell. It involves more responsibilities as well as rights and privileges than in other types of housing.

The fundamental principle of a Co-Operative is a planned social action under democratic control, meeting the needs of members with imagination and foresight for more and better services.

The spirit of mutual helpfulness in providing good homes and environment creates a group morale and group standards of conduct whose social values are hard to measure. Co-Operative homeownership and management at best, engender pride in one's community and neighborhood. The practical aspect of a Co-Operative is that the enterprise is operated for the benefit of its members.

7. TRANSFER OF MEMBERSHIP

A Certificate Holder shall be permitted to sell or transfer his/her Membership Certificate and the accompanying Proprietary Lease in the open market, provided however, that such Certificate Holder shall first offer the said Certificate to the Co-Op. In the event of the death of a Certificate Holder, the spouse shall succeed to the interest of the decedent without the necessity of approval, unless provided otherwise by the Certificate Holder's Last Will and Testament. Exchange or transfer of a Membership Certificate is considered a sale, unless done by Last Will and Testament, or to the Certificate Holder's spouse or domestic partner. A more comprehensive treatment of procedure relative to transfer is contained in the By-Laws of the Co-Op.

8. PROPRIETARY LEASE

A purchaser shall be entitled to a Proprietary Lease, together with a Membership Certificate, upon the payment in full of the purchase price, as set forth in the Purchase Agreement. The Proprietary Lease bestows upon the Certificate Holder, the right of possession of the premises selected by him, subject, however, to the terms and conditions as more particularly set forth in the Proprietary Lease.

The Proprietary Lease obligates the Certificate Holder(s) to pay unto the Co-Op a monthly charge equivalent to one-twelfth (1/12) of the certificate hold's and /or member's proportional share of the sums required by the Co-Op to meet its annual expenses.

The said sum is predicated upon estimated monthly costs and is subject to change in accordance with the Management Agreement, referred to hereinafter. The monthly charge of aforesaid shall not include the cost of heat, electricity, telephone, cable and water, and repairs and maintenance as shall be deemed necessary to maintain the unit as approved.

The payments of monthly charges as provided for herein shall commence immediately upon acceptance of occupancy. Monthly charges shall thereafter be due and payable on the first day of each succeeding month-see penalty clause in Proprietary Lease-Article 14.

The Proprietary Lease provides that it will be terminated by the Co-Op, if, among other things:

- (1) The Certificate Holder shall default in the payment of the monthly charges or any other charges which the member is or may be obligated to pay unto the Co-Op and such default shall not be remedied within thirty (30) days following due date.
- (2) The Certificate Holder shall engage in conduct deemed objectionable by the Co-Op, as prescribed in the Proprietary Lease or the Rules & Regulations of the Co-Op.
- (3) The Certificate Holder shall violate any of the provisions of the Proprietary Lease or

any other document attached hereto, subject to the provisions provided in such documents.

- (4) The Certificate Holder files for bankruptcy or makes a general assignment for the benefit of creditors, or the property of the member or the Membership Certificate or Proprietary Lease owned by the member is subject to a receivership order not vacated within thirty (30) days, or if such Membership Certificate or Proprietary Lease is under levy for five (5) days.

In the event of a termination of the Proprietary Lease for any reason whatsoever, the Certificate Holder's right to possession shall immediately cease, and the Membership Certificate and Proprietary Lease shall be subject to the transfer and dispossess provisions as set forth in the Proprietary Lease and the By-Laws of the Co-Op.

In the event that a Certificate Holder shall default in any manner, as set forth hereinabove, the Certificate Holder and all residents residing therein, must immediately vacate the dwelling unit. The Co-Op reserves the right to repossess the dwelling unit by means of summary proceedings and make such repairs to the said premises as shall be necessary for this purpose, and subject to the conditions as hereinafter set forth. In addition to the foregoing, the interest of the member in the Membership Certificate shall be subject to a lien of the Co-Op to secure the payment of all charges and assessments provided for herein, and to the extent of any expenses incurred by the Co-Op in restoring the premises to a habitable condition, including but not limited to repainting, floor scraping, retiling, and any other repairs reasonably necessary. The Certificate Holder shall be personally liable to the Co-Op for such expenses.

The Proprietary Lease states that the unit shall be used for residential purposes only. Business, commercial or professional use shall not be permitted thereon in accordance with ordinances of Manchester Township. Occupancy of any unit shall be restricted to not more than three (3) persons, one of whom shall be a member of the unit in the Co-Op, and all of whom shall not be less than nineteen (19) years of age, (except units designated as Madisons or Mansfields which are restricted to occupancy of one (1) person, and approved by the Board of Trustees, except however, that a child under the age of nineteen years of age may be permitted to visit on a temporary basis, not to exceed fourteen (14) days within a 90 day period.

In order to maintain the character of the Co-Op as a Senior Citizen retirement community, no more than one (1) occupant shall be under age fifty-five (55), except in the case of a spouse of the Certificate Holder and/or member.

9. MONTHLY CHARGES

All monthly charges collected shall be deposited in the bank accounts designated by the Board of Trustees. All disbursements of the Co-Op funds shall be made by checks signed by duly authorized Trustee Officers.

10. TAX CONSEQUENCES

It is the opinion of our attorney and accountant that each Certificate Holder shall be entitled to a tax deduction of his proportionate share of all payment charged to and made by the Co-Op on account of real estate taxes, in accordance with the provisions of the Internal Revenue Code.

11. INSURANCE

The Co-Operative as owner of all buildings, clubhouse, common area, private streets and roads maintains fire, extended and broad form insurance coverage in an amount equal to the replacement costs of all such buildings. The amount of fire insurance, etc. is based upon replacement costs of the buildings and is subject to annual renewal.

In addition, the Co-Operative maintains personal injury and public liability insurance for the Co-Operative and its Board of Trustees, officers, and employees.

It is to be noted that all of the above insurance inures to the benefit of the Co-Operative itself and not the individual Certificate Holder. Each Certificate Holder will purchase his own individual liability policy to protect himself should an accident occur inside or outside of his dwelling unit as the result of his alleged negligence or wrong doing. In addition, each Certificate Holder will obtain and maintain fire and extended coverage insurance and/or burglary insurance for his own personal property located within his dwelling unit; also coverage on any addition to the original building, i.e., patio (enclosed or covered), awnings, railings, attic fans, etc. New Certificate Holders must present an HO6 policy at closing.

All Certificate Holders must present annual proof of HO-6 insurance coverage.

The Residents of Crestwood Village Co-Op Two, Inc. voted in March 1990 to approve Assembly Bill #2443 (called "The Immunity Bill"). Please see page 20(i) for full description.

**CERTIFICATE OF INCORPORATION
OF
CRESTWOOD VILLAGE CO-OP TWO, INC**

(As Amended)

This is to certify that the undersigned, under and by virtue of N.J.S.A. 15:1 et seq., do hereby associate themselves into a corporation to provide housing on a non-profit basis, not for pecuniary profit.

FIRST: The name of the corporation is **CRESTWOOD VILLAGE CO-OP TWO, INC.**

SECOND: The location of the principal office of the corporation is at 470 Route 530, Whiting, N.J., 08759.

THIRD: The name of the statutory agent therein and in charge thereof is Samuel Carotenuto, Esquire.

FOURTH: The activities of the corporation are to be conducted primarily in Manchester Township, Ocean County, New Jersey, and shall relate to the construction, operation and maintenance of Co-Operative housing development in that Township.

FIFTH: The purposes for which the corporation is formed and the business and objectives to be carried out and promoted by it are as follows:

- (a) To offer for sale and to sell Membership Certificates of one class, in the corporation, to persons of fifty-five (55) years or over, pursuant to the provisions of law and the terms and conditions set forth in the By-Laws of the corpora
- (b) To provide housing on a Co-Operative, non-profit basis to members of the corporation by entering into Proprietary Leases with the holders of the Membership Certificate providing for the occupancy of a unit;
- (c) To construct, operate, maintain and improve and buy, sell, convey, assign, mortgage or lease any real estate and any personal property necessary or incidental to the provision of such housing;
- (d) To borrow money and issue evidence of indebtedness in furtherance of any or all of the objects set forth herein and to secure the same by mortgage, pledge or other lien;
- (e) To sell, let, lease, mortgage or otherwise dispose of the lands, buildings and other Properties of the corporation, and to direct the management and sale of all properties, buildings and lands;

- (f) To enter into and perform and carry out contracts of any kind necessary to, or in connection with or incidental to the accomplishment of any of the purposes set forth herein;
- (g) To make patronage refunds to members, occupants of dwelling units, or others as provided by the By-Laws and/or Proprietary Lease;
- (h) To associate for educational, communal and recreational purposes and to provide facilities for same;
- (i) To associate for mutual benefit with Co-Operative associations or federations of associations of like purposes; and
- (j) To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes for the attainment of any of the objects of the furtherance of any of the powers hereinbefore set forth, and to do every other act, thing or things, incidental or pertinent to or growing out of or connected with the aforesaid business or powers, or any parts thereof.

SIXTH: The corporation shall be governed by a Board of Trustees which shall not number less than five (5) no more than seven (7) with the actual number to be determined in the manner prescribed in the By-Laws. Seven is the preferred number and every effort must be made to reach it.

SEVENTH: The corporation is organized on a non-stock basis.

EIGHTH: Unless otherwise required by law, no dividends shall be paid of any kind upon membership interest issued by this corporation, and nothing herein contained shall be construed in any way to prevent the corporation from giving patronage refunds to its members, in accordance with law.

NINTH: No contract or other transaction shall be permitted between the Co-Op and any business or corporation in which a Trustee is pecuniarily or otherwise interested.

TENTH: The period of existence of this corporation is unlimited.

**BY-LAWS
OF
CRESTWOOD VILLAGE CO-OP TWO, INC.**

ARTICLE I. NAME AND LOCATION OF CORPORATION

SECTION I.

The name of this corporation is **CRESTWOOD VILLAGE CO-OP TWO, INC.** The principal office is located at 470 Route 530, Whiting, N.J. 08759. The mailing address is Board of Trustees, Harmony Hall, 470 Route 530, Whiting, New Jersey 08759.

ARTICLE II. PURPOSE

SECTION I.

The purpose of Crestwood Village Co-Op Two, Inc., hereinafter referred to as Co-Op, is to own, operate and manage dwelling units, recreational facilities and activities for the benefit of its members on a non-profit basis.

ARTICLE III. AUTHORIZED MEMBERSHIP

SECTION I. Authorized Membership

The Co-Op shall be authorized to issue a total of one thousand and twenty-four (1,024) Membership Certificates and Proprietary Leases which may at a later date be increased at the discretion of the Board of Trustees, and shall entitle each member to occupy one dwelling unit in the Co-Op. No person can be added to a Membership Certificate, if said person does not reside in Crestwood Village Co-Op Two, Inc.

At least one of several members owning a Membership Certificate **MUST** occupy the dwelling unit to which it pertains a minimum of six (6) months per year.

SECTION 2. Eligibility

Any person fifty-five (55) years of age or older shall be eligible for membership, subject to other pertinent provisions of these By-Laws. See Page II, Section 8, Article B. Upon signing of a sales contract, Crestwood Village Co-Op Two will conduct a credit check at the buyer's expense. Any person seeking to be added to a Membership Certificate shall be required to submit to a credit check prior to being added.

SECTION 3. Membership Certificates

The Membership Certificates are issued, sold and delivered by the Co-Op in accordance with the procedures established by the Board of Trustees of the Co-Op.

A purchaser is deemed a member of the Co-Op and entitled to a Membership Certificate therein upon the payment of the purchase price in full, pursuant to the provisions of these By-Laws. Each Membership Certificate shall state that the Co-Op is organized pursuant to the laws of the State of New Jersey, the names of the registered holders of the Membership Certificate and the right of lien of the Co-Op on each Membership Certificate as hereinafter set forth in Section 6 of

this article. The Membership Certificates shall be of one class, and each Certificate shall entitle the holder thereof to one vote in the management of the Co-Op. The Membership Certificates shall be consecutively numbered; bound in one or more books, and shall be issued there from by the Secretary of the Co-Op, upon certifications as to full payment by the Treasurer of the Co-Op. All Membership Certificates shall be signed by the President or Vice President and the Secretary, and shall bear the seal of the Co-Op. There will be no additions to the certificate that are inconsistent with provisions contained in these By-Laws.

The Board of Trustees shall direct a new Certificate to be issued in place of any Certificate previously issued by the Co-Op and alleged to have been destroyed or lost, upon the making of an affidavit of such fact by the member, alleging that the original Certificate has been lost or destroyed. A Fee, decided by the Trustees, may be charged for the replacement.

SECTION 4. Application for Membership

Every applicant for membership in the Co-Op shall be required to execute a Purchase Agreement and Data Sheet, which shall serve to reserve the unit in the Co-Op for the prospective purchaser and shall establish the price to be paid for such Membership Certificate.

SECTION 5. Proprietary Lease

A member shall be entitled to a Proprietary Lease for the dwelling unit to which his or her membership certificate pertains. The terms of the Proprietary Lease shall be determined by the Board of Trustees of the Co-Op and may be changed as it deems appropriate, but at no time shall the provisions be inconsistent with the Co-Op By-Laws.

SECTION 6. Lien

The Co-Op shall have first and paramount lien on all Membership Certificates in order to secure the payment of any sums which shall be due or may become due from the holders thereof for any reason whatsoever, including any sums due pursuant to any Proprietary Lease. In addition to the foregoing, the Certificate Holder and/or member shall be personally liable to the Co-Op for all such sums. Any purchaser, transferee or creditor who shall acquire any interest in a Membership Certificate or any right arising out of or by virtue of an interest in the said Membership Certificate, shall acquire such interest subject to the right of lien created hereby.

SECTION 7. Payment of Monthly Charge and No Setoff.

A member shall pay the monthly charge determined from time to time by the Board of Trustees of the Co-Op, without deduction on account of any setoff or claim which the member may have against the Co-Op, and if the member fails to pay any of the monthly charge within Fifteen (15) days after the first of the month, the member shall pay a late charge of ten percent (10%) per month of the monthly charges.

SECTION 8. Transfer of Membership

(a) In General

The transfer of a Membership Certificate shall be in accordance with the provision of these By-Laws and other procedural rules and regulations of the Co-Op. In all instances a new Membership Certificate and Proprietary Lease shall be issued to the transferee providing proof of age (55 or older) is given and the old documents surrendered to the Co-Op. With the exception of those situations identified in Article, III, Section 8(b) below, the addition of a spouse or domestic partner to the Membership Certificate, or removal of any owner from the Membership Certificate, any other change in the ownership of a Membership Certificate shall be deemed a sale, and shall be subject to the terms and conditions of Article III, Section 8(c). The transferee must also provide proof of insurance on the dwelling. The documents to be surrendered include: original Membership Certificate, original Proprietary Lease, and the most recent copy of the By-Laws. If applicable, a sealed death certificate, a sealed Surrogate's Certificate, and a copy of the Will must also be supplied to the office for a permanent record. It is not sufficient that the name of the transferee be endorsed on the current documents. A confidential emergency information card including names and telephone numbers, with respect to the new Certificate Holder, must be completed and supplied to the Co-Op at the time of the transfer.

(b) Death of Member

Upon the death of a member, his legal representative shall, within ninety (90) days thereafter, advise the Secretary of the Co-Op, in writing, the name and address of such representative, the name and address of that person(s) who has inherited the Membership Certificate and whether the inheritance was by Will, intestacy, or survivorship of the joint owner. Within three (3) months of the death of any such member, his legal representative or that person who has inherited the Membership Certificate, shall surrender the deceased member's Membership Certificate, the Proprietary Lease, original Death Certificate, any pertinent New Jersey Transfer Inheritance Tax Waiver forms, and other legal documents which might be required by the Co-Op so that new documents can be issued to the proper parties.

Nothing herein shall be construed to waive the minimum age requirement of 55 years for membership contained elsewhere in these By-Laws; except, when the transferee is the surviving spouse of the deceased member. In that instance the membership can be transferred to the surviving spouse, irrespective of age requirement and approval of the Board of Trustees.

Surviving spouse under the age fifty-five (55) shall lose right to occupancy of the unit should he or she marry someone who is also under the age of fifty-five (55).

Should the legal representative be unable to comply with the above provisions within the time period aforesaid, he shall advise the Secretary of the Co-Op as to the reason(s) therefore and obtain the approval of the Board of Trustees for an extension of time.

Should the legal representative fail to comply with all of the terms and conditions of this Subparagraph (b), the Membership Certificate shall be deemed to be in default and subject to the provisions of Page 13, Subparagraph (e) of this section. The same procedure shall follow regardless of whether a legal representative has been appointed or qualified for that office on behalf of a deceased member.

Following the conclusion of the six (6) month period following the death of the Membership Certificate Holder, if the unit remains unoccupied, the legal representative of the Estate shall provide proof of vacancy insurance to the Co-Op, which must remain in effect until the unit is occupied or the Membership Certificate to the unit is sold.

(c) Transfer in Open Market

Should a Certificate Holder wish to (1) sell his Membership Certificate; (2) add another person as title holder to the Membership Certificate, other than a spouse or domestic partner; or in any other way change the identity of the persons holding title to the Membership Certificate other than permitted in Article III, Section 8(b) above, the change in ownership shall be deemed a transfer and subject to the fees and obligations contained in this section. In the event no sales price is attributed to the transfer, the Co-Op shall determine the Transfer Value as outlined in Article III, Section 8(f). In such an instance, he shall first notify the Co-Op, in writing, addressed to the business office of the Co-Op, (Harmony Hall, 470 Route 530, Whiting, NJ 08759), of such intentions. Thereupon the Co-Op shall have an option for a period of fifteen (15) days, but not the obligation, to purchase the Membership Certificate, for a sum hereinafter referred to as Transfer Value (see Page 14, Subsection (f)).

In the event the Co-Op elects to exercise its option to purchase the membership certificate, it shall notify the member to that effect in writing, and the member must vacate the property within 45 days after written notice.

In the event the Co-Op shall fail for any reason to exercise the option provided for herein, then in such event, the member shall have the right to sell (on his own, or through a sales agency) in conformity with law the Membership Certificate and the accompanying rights on the open market to any person of the age of 55 years or older, at Fair Market Value. The sale of the Membership Certificate, whether by the member on his own or by a sales agency shall be subject to a Capital Depreciation Assessment and Inspection and Transfer fee of three percent (3%) of the sales price which is due and payable to the Co-Op? The division of such fees is to be made in accordance with policy of the Board of Trustees existing at that time. The Capital Depreciation Assessment shall be dedicated to future repairs and improvements to the premises of the Co-Op and shall be segregated from other funds of the Co-Op.

If a Certificate Holder and/or member wishes to purchase another unit in Crestwood Village Co-Op Two, they must sell the present unit first and then purchase another unit in Village Two within 90 days. The three percent (3%) transfer fee shall be waived if the member purchases another unit in Co-Op Two within this time period.

The Board of Trustees from time to time may designate a sales agency for the sale of Membership Certificates. Such a sales agency will be one familiar with the unique nature of Co-Operative ownership, the duties and responsibilities of its members, and the facilities available to members of Crestwood Village.

Prior to entering into a prospective Sale Purchase Agreement for the Transfer of a Membership Certificate, the owner thereof, must first notify the Co-Op by mail, addressed to the business office of the Co-Op of such intention and provide the Co-Op with a completed Contract, Purchaser Application, Credit Application and credit check for all prospective purchasers. Thereupon, the Co-Op shall have the right of first refusal to first enter into the prospective Sale Purchase Agreement under those terms contained in the perspective Sale Purchase Agreement to purchase the Membership Certificate for up to and including a period of ten (10) business days from the date of the Co-Op receiving such notification about the member's intention to enter into

the perspective Sales Purchase Agreement. In the event the Co-Op chooses, for any reason, not to exercise its right of first refusal, the Co-Op shall obtain the credit report of the prospective purchaser(s) and conduct an interview of the prospective purchaser(s) with at least three (3) current Board of Trustee Members present. The Board of Trustees shall have sole discretion to determine whether to approve the prospective purchaser(s).

In the event the Certificate Holder shall fail to effect a sale of the Membership Certificate on the open market within six (6) months following the expiration of the option period the Certificate Holder shall;

- (i) Re-notify the Board of Trustees of the Member's continued intention of sale;
- (ii) Have the unit re-inspected by the Co-Op at the owner's expense; and
- (iii) Provide proof of vacancy insurance, in the event the unit is no longer occupied by the Membership Certificate Holder.

(d) No Assignment or Subletting

There shall be no assignment of the Membership Certificate or subletting of the Proprietary Lease. The dwelling unit must be Certificate Holder occupied. Should a question arise as to whether a subletting has occurred, the Board of Trustees will determine if it has occurred and will enforce the By-Laws accordingly.

(e) Default in Obligations of the Certificate Holder

In the event the Certificate Holder shall default in any of his obligations or breach any of the terms and conditions of these By-Laws, the Proprietary Lease, the Membership Certificate or any rules and regulations established by the Board of Trustees, then and in any of such events, the Co-Op, may at its option, terminate the rights of the Certificate Holder under the Membership Certificate and Proprietary Lease, upon ten (10) calendar days written notice to; the said Certificate Holder shall be required to deliver promptly to the Co-Op, the Membership Certificate and Proprietary Lease, both endorsed in such a manner as shall be required by the Co-Op. In the event the Certificate Holder shall fail to deliver the Membership Certificate and Proprietary Lease to the Secretary pursuant to the Section, then and in the event, the Secretary shall have the right to cancel the said Membership Certificate and Proprietary Lease, and thereupon all rights and privileges of the said member shall be terminated. Notwithstanding anything herein to the contrary, all costs, duties and charges of the member shall remain the obligation of the member subject to the terms and conditions of this ARTICLE.

Moreover, the Co-Op shall have the right to repossess the dwelling unit and make such repairs to the said premises as shall be necessary to restore the premises to a habitable condition, but not limited to repainting, floor scraping, re-tiling and any other reasonable repairs. The said Certificate Holder shall be personally liable to the Co-Op for the costs of such restoration, all legal fees and all other costs resulting from such default.

Failure to comply with any of the obligations of the Certificate Holder listed above or with the Rules and Regulations as set down in these By-Laws shall result in a penalty to be determined by the Board of Trustees after a hearing by the ADR Committee. Following the expiration of a

ten (10) calendar day period provided in the notice aforesaid, the Co-Op, at its option, shall elect to either:

1. Purchase the Membership Certificate at the Transfer Value; or
2. Proceed, with reasonable diligence, to effect a sale of the Membership Certificate to a purchaser acceptable to the Co-Op. Upon the receipt of the purchase price in full by the Co-Op from such purchaser, the Co-Op shall cause to be paid to the seller, the full purchase price so received, less the following:
 - (i) All sums due to the Co-Op pursuant to the Proprietary Lease;
 - (ii) All sums expended by the Co-Op to restore the premises to a habitable Condition (less insurance proceeds, if any);
 - (iii) All legal and other expenses including sales commission, if any, incurred by the Co-Op in connections with the default of such member and the resale of the Membership Certificate;
 - (iv) A Capital Depreciation Fee of three percent (3%);
 - (v) An additional Administrative Fee of 2% of sales price in instances where the Co-Op must effectuate the sale of the unit.

The sales price and the costs referred to in this paragraph shall be determined in the sole and absolute discretion of the Board of Trustees of the Co-Op.

(f) Determination of Transfer Value

Whenever the term "Transfer Value" is used in these By-Laws or any other instrument referred to in these By-Laws, the said term shall mean the total of the following:

1. In regular sales, the value shall be calculated by averaging the three most recent sales of Membership Certificates for comparable units;
2. Plus the cost of all improvements to the unit authorized by the Board of Trustees.
3. Less the expenses incurred by the Co-Op, including sales commission, if any, restore the unit to a habitable condition (less insurance proceeds, if any);
4. Less the legal and other expenses (utilities, etc.) incurred by the Co-Op pertaining to the transfer;
5. Less all sums due on account of any other charges due to the Co-Op or incurred by the Co-Op;
6. Less a Capital Depreciation Fee of three percent (3%).
7. Less an Administrative Fee of two percent (2%).

ARTICLE IV. MEETINGS

SECTION 1. Place of Meetings

Membership meetings shall be held at the Clubhouse or at such other suitable place as may be designated by the Board of Trustees.

SECTION 2. Scheduled Meetings

(a) Annual Meetings

The annual meeting of the Co-Op shall be held on the third Monday of October of each year for such business of the Co-Op as may properly come before it. If that date is a legal holiday, the annual meeting shall be held on the following day. (See Section 10-Order of Business).

(b) Semi-Annual Meetings

The semi-annual meeting of the Co-Op shall be held on the third Monday of April each year for such business of the Co-Op, as may properly come before it. If that date is a legal holiday, the semi-annual meeting will be held on the following day.

(c) Budget Meeting

The budget meeting of the Co-Op shall be held on the third Monday of June of each year for such business of the Co-Op, as may properly come before it. If that date is legal holiday, the budget meeting shall be held on the following day

A public meeting shall be held on the third Monday in May to discuss the budget before the printing of the coupons.

(d) Special Meetings

It shall be the duty of the President of the Co-Op to call a special meeting of the membership upon a resolution of the Board of Trustees, or upon the presentation of the Secretary of the Board of Trustees of a petition for same in writing signed by twenty-five percent (25%) of the membership. Such resolution or petition must set forth the specific purpose of the special meeting. The notice of any special meeting convened pursuant to this section shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice aforesaid, unless such business is consented to by two-thirds (2/3) of the membership present, either in person or by proxy.

(e) Open Meetings

At a designated Trustees meeting once a month any interested residents will be present to receive a briefing by the Board of Trustees and to ask questions and receive answers pertaining to the operation of the Village.

SECTION 3. Notice of Meeting

It shall be the duty of the Secretary of the Co-Op to include in the Village Voice a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where said meeting is to be held. Notice shall be given at least five (5) but not more than fifteen (15) business days prior to such meeting, unless otherwise required in order to comply with any statute of the State of New Jersey with the exception of an emergency meeting.

SECTION 4. Rules of Order

All membership and Trustee meetings shall be conducted in accordance with Robert's Rules of Order, subject, however, to the express provision of these By-Laws.

SECTION 5. Quorum

The presence of either in person or by proxy of at least ten percent (10%) of the Certificate Holders of the Co-Op shall constitute a quorum, subject only to the provisions of the following section.

SECTION 6. Postponed Meetings

In the event any membership meeting cannot take place, the Board of Trustees shall postpone such meeting to a later date. At such rescheduled meeting, the presence of ten percent (10%) of the Certificate Holders shall constitute a quorum.

SECTION 7. Meet the Candidates

A special meeting shall be held on the 2nd Monday in September, each calendar year. At this meeting, any person seeking election to the Board of Trustees shall be permitted to speak to the Certificate Holders about his/her background and qualifications. Certificate Holders shall be permitted to ask questions of the candidates.

SECTION 8. Voting

At the membership meeting, one Certificate Holder per unit, either in person or by proxy, shall have the right to cast one (1) vote on each question presented to the membership by the Board of Trustees pursuant to an agenda prepared by the Board of Trustees and in accordance with the order of business. The vote of the majority of the Certificate Holders, either in person, by proxy, or by absentee ballot, shall carry any such questions brought before any such meeting, unless the question is one upon which, by express provision of these By-Laws, a different vote is required. In such event, the express provision aforesaid shall govern and control.

SECTION 9. Proxies

A member may appoint any other Certificate Holder who is an occupant of the Co-Op of age fifty-five (55) years or older, or a member of the Board of Trustees, as a proxy. All proxies shall be filed in writing with the Secretary of the Co-Op, at least fourteen (14) days prior to the date of the scheduled meeting. Failure to file a proxy as herein provided shall deem the proxy null and void and of no effect.

SECTION 10. Order of Business

The order of business at the Annual Meeting shall be as follows:

- (a) Roll Call of Board of Trustees
- (b) Reading of minutes of preceding meeting
- (c) Reports of Board Members
- (d) Installation of new Trustees and Reps

ARTICLE V. TRUSTEES

SECTION 1. Number

- (a) The affairs of the Co-Op shall be governed by a Board of Trustees composed of a minimum of five (5) and maximum of seven (7) persons, all of whom must be Certificate Holders of the Co-Op. The maximum number is the preferred number and every effort must be made to reach it.
- (b) No person who is employed in any capacity by the Developer, the Administration or the Management of Crestwood Village Co-Op Two, Inc., or any Vendor or Contractor or Mayor or Township Committeeman shall be nominated, elected, or appointed as a Trustee of Crestwood Village Co-Op Two, Inc.
- (c) Any Trustee who resigns office due to charges of malfeasance in office shall not be permitted to have his/her name placed in nomination for Trustee until such charges are reconciled to the satisfaction of the Board of Trustees in office in a secret ballot vote.
- (d) No more than one member living in a unit shall run for or serve on the Board of Trustees at the same time.
- (e) No person who is the spouse or co-habitant of a Trustee shall run for or serve the Board of Trustees at the same time as his/her spouse or domestic partner.
- (f) No person who is a relative, to be defined as parent, grandparent, child, sibling, aunt, uncle, niece, nephew or first cousin of a Trustee shall run for or serve the Board of Trustees at the same time.
- (g) In the event a romantic or intimate relationship develops between two members of the Board of Trustees, one member must resign.

SECTION 2. Election and Term of Office of the Board of Trustees

The Board of Trustees will schedule elections in September. The term of office to be two (2) years commencing at the next Annual Meeting; four (4) Trustees shall be elected in the even numbered years; three (3) Trustees shall be elected in odd numbered years. A Trustee may at his option extend his term until his successor has been elected or appointed as the case may be. If there are five Trustees, three Trustees shall be elected in the even numbered years and two Trustees shall be elected in odd numbered years. If there are six Trustees, three Trustees elected in even numbered years and three Trustees shall be elected in odd numbered years.

Should there be no competition in the number of Trustees to be elected that year, the Secretary will cast one vote for the candidates, and the balloting will be canceled.

At least ten (10) days prior to the Annual Meeting, the new Board of Trustees shall hold an organization meeting. At the Annual Meeting, the old Board of Trustees shall preside and after all reports are made, the new Trustees shall be installed.

- (a) A notice shall be sent to Certificate Holders prior to the election giving the date and place of the election and the names of candidates and resumes of their business experience.
- (b) Certificate Holders who run for election must be in residence in the Village at least 10 months each year. All candidates must have lived in the village for a minimum of one year.
- (c) Only Certificate Holders in good standing may run for election.
- (d) Only Certificate Holders in good standing (not over 30 days in arrears) may vote in the election.
- (e) The election meeting need not be an assemblage; only a place and time to cast the ballot shall be required. No quorum shall be necessary.
- (f) Election shall be by secret ballot. Ballots will not be distributed in advance of the election. In voting, if more than the appropriate number of candidates is selected on the ballot, the ballot will be discarded.
- (g) The ballot box will remain in the management office, locked at all times, until the actual election. An Election Committee shall serve as teller of the election. No relatives of Board Members or candidates may serve on the Election Committee. Those candidates receiving the largest number of votes shall be elected to the vacancies that would occur at the next Annual Meeting. Certificate Holders shall not be entitled to vote for more candidates than there are vacancies to fill and shall not be entitled to cast more than one vote for any one candidate.
- (h) Absentee Ballot Procedures:
 - i. For those unable to vote on the day of the election, Certificate Holders may pick up an absentee ballot in the Harmony Hall Office during business hours. Certificate Holders will be asked to vote in the Board Room and place their ballot in an envelope which must be sealed. Certificate Holders must put their address on the envelope before placing the ballot in the locked ballot box which will be located in the office. If an address

is not indicated on an absentee ballot envelope, the absentee ballot will be discarded. No absentee ballots will leave the office.

- ii. Absentee ballots will be registered on the Friday prior to the election. They are not opened or counted until the close of the polls.
- iii. For Certificate Holders unable to come to Harmony Hall to vote, you must notify the office and an appointment will be made for a member of the Election Committee to stop at your home with an absentee ballot and an envelope. The Election Committee member will wait for you to cast your vote and seal the ballot in the envelope. That member of the committee will return the sealed envelope to the office where it will be placed in the locked ballot box.
- iv. For Certificate Holders not in residence at the time of the election, they must call the office to request that an absentee ballot be mailed to them.

Should there be no competition in the number of Trustees to be elected that year, the Secretary will cast one vote for the candidates, and the balloting will be canceled.

At least ten (10) days prior to the annual meeting, the new Board of Trustees shall hold an organization meeting. At the annual meeting the old Board of Trustees shall preside and after all reports are made the new Trustees shall be installed.

SECTION 3. Vacancies and Newly Created Trusteeships

(a) Unless otherwise provided in the Certificate of Incorporation or the By-Laws, any vacancy, however caused, occurring in the Board may be filled by the affirmative vote of a majority of the remaining Trustees even though less than a quorum of the Board, or by a sole remaining Trustee. A Trustee so appointed by the Board shall hold office until the expiration of that trustee's term.

(b) Unless otherwise provided in the Certificate of Incorporation or By-Laws, when one or more Trustees shall resign from the Board effective at a future date, a majority of the Trustees then in office, including those who have so resigned, may fill the vacancy or vacancies, the vote thereon to take effect when the resignation or resignations become effective. Each Trustee, so chosen, shall hold office as herein provided in filling of other vacancies.

(c) Any Trusteeship, to be filled by reason of an increase in the number of Trustees, shall be filled by election at an annual or semi-annual meeting, or at a special meeting of the members called for the purpose, or of the Board, if the Certificate of Incorporation, the By-Laws or any other applicable law provides for the election of Trustees by the Board. A trustee so appointed by the Board shall hold office until the expiration of that trustee's term.

(d) If by reason of death, resignation or other cause, a corporation has no Trustees in office, any Certificate Holder or the executor or administrator of a deceased Certificate Holder may call a special meeting of members for the election of Trustees and, over the signature of that person, shall give notice of the meeting in accordance with Chapter 15 a:5-4, except to the extent that the notice is waived pursuant to Chapter 15 A:5-5 of the Laws of the State of New Jersey.

SECTION 4. Powers and Duties

The Board of Trustees shall have the full and complete authority to administer all of the affairs of the Co-Op and engage in any acts in order to implement the administration thereof, subject on to the provisions of these By-Laws and to law. The powers of the Board of Trustees shall include but not be limited to the following:

- (a)** To accept or reject all applications for membership, either directly or through an authorized representative;
- (b)** To establish monthly charges as prescribed in the Proprietary Lease and such other charges and assessments as the Board of Trustees may deem necessary for the operation of the Co-Op;
- (c)** To promulgate such rules and regulations pertaining to the use and occupancy of the premises as may be deemed proper and which are not inconsistent with these By-Laws;
- (d)** To enter into maintenance and employment contracts to ensure the proper administration of the Co-Op. The Co-Op shall not advance any money, nor shall the Co-Op sign any contract that requires monies (other than deposit), in advance of work being performed;
- (e)** to enter into construction contracts to develop or improve the Co-Op lands including, but not limited to buildings, roads, appurtenances or facilities of any nature, as long as the cost thereof does not exceed \$50,000. Should the cost thereof exceed that amount then approval of fifty-one percent (51%) of all Certificate Holders is required;
- (f)** To enter agreements with the utility companies pertaining to water, electric, sewer and such other services as the Board of Trustees deems necessary;
- (g)** To buy, sell, lease, grant, mortgage, encumber or release real estate owned by the Co-Op or in which it has an interest, only with the approval of fifty-one (51%) of the Certificate Holders;
- (h)** To amend, alter, modify, or change, in form or in substance, any of the terms and conditions of the Proprietary Lease, Purchase Agreement, management agreement, and construction agreements or any other instruments or documents prepared or entered into by the Co-Op;
- (i)** Except where there is willful, wanton or grossly negligent act of commission or omission by the Co-Op, the Co-Op shall not be liable in any civil action brought by or on behalf of a unit owner, or by or on behalf of the spouse of that person, to respond in damages as a result of bodily injury to the unit owner or the spouse of that person, occurring on Co-Op premises, i.e., the community and recreational facilities owned by the Co-Op. (N.J. Public Law 1989, Chapter 9, Assembly Bill 2443, R.S. 2A:62A-12 to 14 (tort liability) with note in Condominium Statute, namely, R.S. 46:8B-15 and R.S. 46:8D-6);
- (j)** To assess against any member the costs and expenses, including but not limited to, court costs and legal fees, actually incurred by the Co-Op in prosecuting any claims against the member or in defending the Co-Op or any Trustee against any claims made by said member, but only in such events as the Co-Op (or Trustee) is successful in the action. This paragraph applies to all occupants of each unit.

- (k) To sell, issue, purchase, and transfer Membership Certificates
- (l) To assume such other powers as are permitted expressly or by implication of these By-Laws, the Certificate of Incorporation or the laws of the State of New Jersey.

SECTION 5. Removal of Trustees

At any duly held and constituted regular or special meeting of the members, any one (1) or more trustees may be removed for just cause by a vote of fifty-five percent (55%) of the membership provided that the notice of the meeting expressly includes this item. Any trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting. A successor trustee shall be appointed in accordance with Section 3 above. In the event any trustee resigns, said resignation shall be deemed accepted and effective upon a majority vote of the remaining Board of Trustees.

SECTION 6. Compensation

No compensation shall be paid trustees for any services rendered to the Co-Op, whether as an employee, contractor or agent, except that they may be reimbursed for "out of pocket" expenses incurred in connection with Co-Op Business.

SECTION 7. Regular Meetings

Regular meetings of the Board of Trustees shall be held at least once a month at a consistent date determined by the Board of Trustees.

SECTION 8. Special Meetings

Special meetings of the Board of Trustees may be called by the President upon his/her own initiative or upon the written request of three (3) Trustees, upon three (3) days' notice to each Trustee, which notice shall state the time, place, and purpose of said meeting.

SECTION 9. Waiver of Notice

Prior to, or at any meeting of the Board of Trustees, any Trustee may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the receipt of such notice. Attendance by a Trustee at any meeting shall constitute a waiver of notice by him of such meeting.

SECTION 10. Quorum

The presence of four (4) Trustees, at any regular or special meetings of the Board of Trustees shall constitute a quorum for the transaction of business therein, and the acts of the Trustees present at any meeting at which a quorum is present shall constitute the acts of the Board of Trustees. In the event there shall be less than a quorum present at any meeting of the Board of Trustees, the majority of the Trustees present at such meeting shall adjourn the meeting to a date not less than one (1) week subsequent to the original date of meeting, and written notice of rescheduled meeting shall be forwarded by the Secretary to all Trustees, not less than three (3) days prior to the date of such meeting. At any such adjourned meeting, the Trustees shall transact any business which might have been transacted at the original meeting, without further notice, subject, however, to the presence of quorum.

SECTION 11. Fidelity Bonds

The Board of Trustees shall require that all officers and employees of the Co-Op handling or responsible for the funds of the Co-Op shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid for by the Co-Op.

ARTICLE VI. OFFICERS

SECTION 1. Officers and Duties

The principal officers of the Co-Op shall be a President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Trustees. In the event the Board of Trustees so determines, the offices of Treasurer and Secretary may be filled by the same person.

SECTION 2. Election of Officers

The officers of the Co-Op shall be elected annually by the Board of Trustees at the organization meeting and shall hold office at the pleasure of the Board. The officers shall serve until their successors have been duly elected unless their terms as Trustees have expired, they have resigned or been removed from office as hereinafter provided. In the case of a vacancy in the Presidency, the next most senior officer (in order of Vice President, Secretary and Treasurer) shall assume the position of that office until it has been filled. If as a result of vacancies in the offices of the Co-Op there is only one officer available to pay its obligations, then that officer shall have authority, notwithstanding provision in the By-Laws or practice of the Board of Trustees to the contrary.

SECTION 3. Removal of Officers

The Board of Trustees, upon a vote of the majority of its members, may remove any officer of the Co-Op for malfeasance and shall elect a successor to fill the office.

SECTION 4. President

The President shall be the Chief Executive Officer of the Co-Op and shall preside at all Membership, Trustee and Advisory Board Meetings. He/she shall have all of the powers and duties relevant to the president of the Co-Op. He/she may appoint committees from the membership from time to time to oversee projects the board deems feasible.

No Trustee shall serve as President for more than four (4) consecutive years.

SECTION 5. Vice President

The Vice President shall assume the place of the President and perform his duties whenever the President shall be absent or unable to act. In the event neither the President nor the Vice President is able to act, the Board of Trustees shall appoint another member of the Board to act as President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Trustees.

SECTION 6. Secretary

The Secretary shall be charged with keeping the minutes of all membership and Trustee meetings and maintaining permanent records thereof; he shall have the custody of the seal of the Co-Op; he shall have such other powers and duties as are set forth in these By-Laws; and he shall, in general, perform all the duties incidental to the office of Secretary of a corporation.

SECTION 7. Treasurer

The Treasurer shall have the responsibility for all funds and securities of the Co-Op and for the maintenance of full and accurate accounts of all receipts and disbursements. He shall be responsible for the deposit of all monies and other good and valuable effects in the name or to the credit of the Co-Op, in such depositories as may from time to time be designated by the Board of Trustees. He shall submit monthly financial reports to the Board of Trustees.

ARTICLE VII. REPRESENTATIVE ADVISORY BOARD

Crestwood Village Co-Op Two, Inc. shall be divided into approximately forty-two (42) districts.

Each district shall be represented by at least one (1) Representative. In October of each year, on the same day as the election of Trustees, such Representative shall be appointed by the board.

Their term of office shall be one (1) year beginning on the third (3rd) Monday in October and until the same time the ensuing year.

If a Representative, for any reason, cannot or does not complete his or her term in office, the Trustees shall appoint a successor for the balance of the term.

Board members should not be representatives due to conflict of interest.

Duties of the Advisory Board Representatives

1. The Representatives shall meet with the Board of Trustees monthly.
2. The Trustees shall report the progress of the Co-Op's activities and acquaint the Representatives with all actions taken by the Board of Trustees during the month.
3. The Representatives shall make inquiries and do all work necessary to advise the Trustees on matters brought to their attention. The Trustees shall answer all questions raised by the Representative meeting.
4. The Representatives shall report to the Certificate Holders in their respective districts on discussions and actions taken by the Board at a combination Trustee and Representative meeting.
5. If any Certificate Holder should have a suggestion or complaint of significant importance that he/she wishes brought before the Trustees, he/she should then submit it in writing to his or her Representative. The Representative shall then submit the suggestion or complaint to the Board of Trustees for disposition. The Board shall keep the Representative advised as to actions taken by the board in response to said submission and its ultimate resolution.

6. If it comes to the attention of a Representative that a Certificate Holder in his/her district is violating one or more of the Co-Op rules and regulations, he/she shall notify the Board of Trustees in writing. The Board will then notify the Certificate Holder of said violation. If the violation continues, a hearing will be scheduled before the Board and a decision rendered with respect to said violation. After a decision by the Board of Trustees, the Certificate Holder may request a review by the Alternate Resolution Committee for arbitration.
7. Representatives may assist the Trustees at Co-Op meetings, elections, and other events deemed necessary by the Trustees.
8. Representatives may assist the Trustees on committees and in any other areas that they may be of assistance.

ARTICLE VIII. INDEMNIFICATION OF BOARD OF TRUSTEES, OFFICERS AND AGENTS

SECTION 1.

The Co-Operative hereby warrants and guarantees to its Officers, Trustees and Agents, that if they should ever be sued in any manner whatsoever, or if they should ever be held liable in any manner whatsoever, on any obligation, paper or document signed by them or any of them, in the ordinary and prudent course of the Co-Operative's business, or should said Officers, Trustees or Agents ever be sued or be held liable with respect to any transaction of any nature whatsoever connected with the conduct of said Co-Operative's business, the Co-Operative will at all times indemnify and save said Officers, Trustees or Agents harmless from and against any and all liability for damages, loss, costs, charges and expenses of whatsoever kind or nature, including counsel and attorney's fees which they shall or may at any time sustain or incur by reason or in consequence of their operation of the said Co-Operative, and the Co-Operative will pay over, reimburse and make good to them any and all monies which shall become due and owing by reason of any of the occurrences described above.

SECTION 2.

This guarantee and indemnification agreement will protect said Officers, Trustees and Agents who have acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Co-Operative with respect to any criminal proceedings grounded upon acts for which they had no reasonable cause to believe their conduct was unlawful; however, the Co-Operative will not indemnify those who have not acted in good faith or in a manner reasonably believed to be in the best interest of the Co-Operative, or Officers, Trustees or Agents that knowingly commit criminal acts.

SECTION 3.

This guarantee and indemnification agreement shall apply to and inure to the benefit of any Officer, Trustee or Agent of the Co-Operative whether the incident shall involve them individually, as a group or a whole, as well as their heirs, executors, administrators or assigns.

ARTICLE IX. ASSESSMENTS

SECTION 1. Involuntary Assessments

In the event any dwelling building shall be partially or totally destroyed by fire or other casualty, and the insurance proceeds shall be inadequate to provide full restoration, or in the event any facility pertaining to the health or safety of the members of the Co-Op, shall be required to be repaired, restored or constructed, or in the event any applicable government authority having jurisdiction shall require a capital expenditure in order that the Co-Op comply with any applicable statute, law, code or regulation or in the event additional funds shall be required to satisfy any contractual obligations of the Co-Op, and in the opinion of the Board of Trustees an assessment against the membership is deemed to be in the best interest of the Co-Op, then and in any such events, the Board of Trustees shall assess all members of the Co-Op their proportionate share of such sums as shall be necessary to complete any of the exigencies contemplated in this Section. Should it be determined that any damage caused to the unit was negligence on the part of the tenant, said tenant shall be liable.

SECTION 2. Voluntary Assessments

In the event fifty-one percent (51%) of the Certificate Holders of the Co-Op shall elect to install a capital improvement upon the Co-Op lands, then and in such event, the Board of Trustees shall assess all of the Certificate Holders of the Co-Op their proportionate share of such sums as shall be required pursuant to this Section.

SECTION 3. Default in Payment of Assessments

The failure of any Certificate Holder to comply with provisions of this Article within the time prescribed by the Board of Trustees shall be deemed a default of the Membership Certificate and Proprietary Lease.

ARTICLE X. SEAL

The Board of Trustees shall provide a suitable seal indicating the name of the Co-Op, which seal shall be maintained in the custody of the Secretary.

ARTICLE XI. FISCAL MANAGEMENT

SECTION 1. Fiscal Year

The fiscal year of the Co-Op shall commence upon the first day of July. The commencement date of the fiscal year herein established shall be subject to change by the Board of Trustees.

SECTION 2. Books and Accounts

Books and accounts of the Co-Op shall be maintained under the supervision and at the direction of the Treasurer and the Co-Op Bookkeeper in accordance with the regularly accepted accounting procedures.

SECTION 3. Auditing

The books and records of the Co-Op shall be audited at the conclusion of each fiscal year by a Certified Public Accountant retained by the Board of Trustees. Thereafter, the Co-Op shall furnish its members with a printed copy of the auditor's report upon request.

SECTION 4. Inspection of Treasurer's Records

The financial records of the Co-Op prepared and maintained by the Treasurer will be available for the purpose of inspection at reasonable times and for reasonable purposes to any Certificate Holder of the Co-Op upon request.

SECTION 5. Corporate Documents

All instruments and documents shall be executed, on behalf of the Co-Op, by two officers of the Co-Op. All checks shall be signed by the Treasurer and any other officer. In the absence of the Treasurer, checks may be signed by any two (2) officers.

ARTICLE XII. SAVINGS CLAUSE

Any provision of these By-Laws that shall be judicially declared inconsistent with or in violation of any provision or requirement contained in the Certificate of Incorporation or which is not consistent with or in violation of the laws of New Jersey shall be deemed inoperative. The remainder of these By-Laws shall thereafter continue in full force and effect.

ARTICLE XIII. COMMITTEES

From time to time, the President shall appoint standing and special committees which may be appropriate.

ARTICLE XIV. AMENDMENTS

These By-Laws may be amended by the membership in whole or in part upon (a) initiation of a majority vote of the Board of Trustees, or (b) a petition signed by at least ten (10%) of the total membership, and adopted by a majority vote of the membership voting by voting in person, by proxy or absentee ballot, at a special meeting called for that purpose. A minimum of one hundred ten (110) votes must be cast in person, by proxy or absentee ballot in order for any amendment to these By-Laws to be approved. A statement of any proposed amendments shall accompany the notice of any regular or special meeting at which such proposed amendments shall be voted upon.

Revised 2014 and 2015

RULES AND REGULATIONS

In order that all members are treated fairly and equally, and in order to keep the Village a beautiful and desirous place in which to live, the Board of Trustees has prescribed Rules and Regulations.

These Rules and Regulations in no way counteract the conditions as set forth in the By-Laws. Rather, they tend to clarify and spell out the intention of the By-Laws. If interpretation or assistance is needed, see your district Representative, but the Board of Trustees interpretation will be final in what is proper and in the best interest of the Co-Op concerning ground use (planting shrubs, trees, flowers ornamental decorations, etc.).

The authority of the Trustees to issue these Rules and Regulations is in the By-Laws.

NOTE: Rules and regulations are voted on by the Trustees and **NOT** by the membership.

VIOLATION OF THESE REGULATIONS MAY CONSTITUTE A DEFAULT

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1. PARKING, VEHICLES AND TRAFFIC

- 1.1 No overnight parking permitted on village streets or courts. (Limited extenuating circumstances may prevail). Should a trustee observe overnight parking on village streets a Violation Notice will be placed on the windshield of the vehicle. A recurring violation will result in rule enforcement as more fully set forth in Rules & Regulations 8.22
Vehicles may be parked temporarily in the Harmony Hall parking lot for a period not to exceed a total of thirty (30) days per calendar year and must be registered at the Trustees Office. Permission is required for more than one night. Boats, watercraft and their trailers may park in the rear of the Harmony Hall lot with Trustees' permission for 24 hours. If permission is not granted, all vehicles, boats, watercraft, and their trailers will be towed at owner's expense as per posted signs.
- 1.2 No parking at any time 10 feet on either side of Mail Boxes or Fire Hydrants. No parking is permitted directly across from your neighbor's driveway or directly across from another vehicle if possible.
- 1.3 Speed limit on village streets is posted. **ALL STOP** signs at intersections **MUST** be observed. This refers to all residents and their guests.
- 1.4 Vehicles with commercial signs on them or with commercial license plates, vendor trucks, vans without windows, house and boat trailers, other detachable trailers motor homes, and/or Pods, are not to park in driveways. (Limited extenuating circumstances may prevail). For loading and unloading purposes, they may be parked in the street for a period not to exceed 48 hours, however, any damage to the driveway, street, and/or street gutter is the sole responsibility of the shareholder. No truck or van will be parked on driveways with debris or ladders in or on top of roofs. **Shareholders who are owners of commercial vehicles may, upon permission of the trustees, register said vehicles with office and park at Harmony Hall in a designated areas.**
- 1.5 Vehicles parking in all unit areas must park head-on to prevent the possibility of exhaust fumes entering the unit.
- 1.6 Each Quad or multi-plex unit Certificate Holder shall have the sole entitlement to a parking space in the area provided for that purpose. When space is unoccupied, it is sti reserved for that Certificate Holder's use and shall not be used by another resident, guest, or visitor, unless written permission has been given to do so by certificate holder and/or member. **(THIS IS VERY IMPORTANT TO ELIMINATE ANY MISUNDERSTANDINGS BETWEEN NEIGHTBORS).**
- 1.7 Motorcycles, bicycles, and mopeds are considered vehicles, and must travel on Village roads the same as automobiles, observing **STOP SIGNS**, and travel on the right hand side of the road. They must be equipped with headlights and rear lights for night riding, and there will be no revving of engines.
- 1.8 Vehicles should be parked **NOT** less than twenty-five (25) feet from street corners, and **NOT** directly across from a car parked on opposite side of street. Vehicles are **NOT** to be parked on the street facing the wrong way. Vehicles should not park across the street from any driveway.
- 1.9 During periods of heavy snow, be prepared to remove your vehicle (if you can) so that plows can do the entire driveway.

1.10 **ALL PROPERTIES SHALL BE ACCESSIBLE TO FIRE AND AMBULANCE EQUIPMENT.**

1.11 Cars parked in tandem in driveways must not hang over street gutters.

1.12 Unregistered or unlicensed vehicles shall not be parked in the Village.

1.13 Vehicles are **NOT PERMITTED** to drive or park on unpaved areas including lawns, with the exception of work vehicles authorized by the Board of Trustees of the Co-Op. Residents living in single units may, with prior Board approval, widen their driveways to accommodate two vehicles. A Permission Request Form must be submitted to the Harmony Hall Office, utility mark-outs must be made, and the resident is totally responsible for the installation of the widening and its maintenance.

1.14 Tarps and covers are not permitted unless specifically manufactured for vehicles.

2 BUILDING ALTERATIONS AND ADDITIONS

2.1 Since the leased premises and property around it is owned by **CRESTWOOD VILLAGE CO-OP TWO, INC., ANY ALTERATIONS, NEW CONSTRUCTION, ELECTRICAL WIRING, PLUMBING, OR OTHER CHANGES OR ADDITIONS AS HEREINAFTER SPECIFIED, MUST BE SUMITTED** to the Board of Trustees for **PRIOR** approval.

2.2 The Board of Trustees must review all requests for such projects to insure that they comply with municipal or other authority laws, regulations and licensing, and to secure permits where necessary.

2.3 Requests for approval of projects shall be made in writing to the Board of Trustees and **WRITTEN APPROVAL FROM THEM** must be obtained before starting project. Forms are available in the management office.

2.4 By resolution of the Board of Trustees, the following are not permitted: gas and wood burning fireplaces; turbine-type attic fans; kerosene heaters or fuel-operated heaters other than electric.

2.5 The need for approval includes but is not limited to the following:

(a) Patios: They are to be constructed in such a manner that will not obstruct natural drainage. The installation of the new patios or the construction of roofs to new or existing patios **MUST** have prior written consent of the Trustees. See page 31 for full Rules and Specifications.

(b) Electrical Wiring: All installation and use of air-conditioning equipment, electrical heaters, power tools, electrical appliances, or other, which require more than normal electrical current, must be cleared with the Board of Trustees as prescribed. Unless certain installations or uses are approved and certified by the proper authorities, an exclusion by our insurance company may result. **IN SUCH A CASE, THE EQUIPMENT WILL BE REMOVED AT THE EXPENSE OF THE RESIDENT.** Any damage sustained to village property as a result of Certificate Holder's failure to secure such approval and certification shall be borne by the Certificate Holder.

- 2.6 No blinds are permitted on the outside of any window or overhang.
- 2.7 Homeowners and/or contractors are permitted to work between the hours of 8 a.m. and 6 p.m. with the exception of Sunday when no work is permitted.

The State of New Jersey Uniform Construction Code Regulations

are the rules that govern when and if permits are required. The following are some common examples of situations whereby permits are needed but should not be considered an all-inclusive listing

Permits are required if:

1. You cut away any wall or portion thereof;
2. You cut any structural beam or bearing support;
3. Construct an addition or make alterations to your home, i.e., enclosing a porch or patio cover;
4. Replacing more than 25% of the roof or siding;
5. Installing, replacing, or relocating a hot water heater;
6. The installation of any new plumbing fixture;
7. Installing, replacing, or relocating of any water, drainage, or venting;
8. Installation of heating and/or air conditioning systems;
9. Installation and/or upgrade of any new electrical wiring or plumbing.

Permits are not necessary but permission is necessary if I:

1. Add or replace gutters, shutters, awnings, or railings;
2. Installation of solar tubes;
3. Window replacements;
4. Installation of sliding shower doors;
5. Installation of new garage doors;
6. Installation of counter tops or any permanent cabinet resurfacing;
7. Tree planting, location to be checked.

Certificate Holders are required to obtain a certificate of insurance form from the contractor of their choice and provide it to the management office for review and approval.

3 RULES AND SPECIFICATIONS FOR PATIOS

- 3.1 Patio area may not exceed 180 sq. ft.
- 3.2 Patio must be contiguous with the house.

- 3.3 Plain patios may be made of poured concrete, patio blocks, or slate. **NO WOOD MAY BE USED. Vinyl fencing, not more than 4' high, may be installed either at edge of patio or around perimeter of patio, butted up against patio edge. Grass grown under or around fence, will be the shareholder's responsibility to maintain.**
- 3.4 Any patio that does not interfere with free passage on any walkway in a multiple dwelling may have fencing.
- 3.5 There must be at least 15 feet between the patio and the street.
- 3.6 Patios must slope sufficiently away from the house for proper drainage.
- 3.7 Patio furniture and grills may be kept on the patio. **THE PATIO SHALL NOT BE USED FOR STORAGE.** Any other improvement or variation to this regulation must be approved by the Board of Trustees.
- 3.8 **ALL NIGHT SLEEPING ON PATIOS IS PROHIBITED.**
- 3.9 Covered and screened patios must have poured concrete floors.
- 3.10 The frame for the covering and/or screening must be anchored to the patio floor and to the structural frame of the house. The frame and roof must be aluminum and properly coated against corrosion. The color must be approved by the Board of Trustees.
- 3.11 Enclosed patios must have an exterior door.
- 3.12 Only fiberglass or aluminum may be used for the screening material.
- 3.13 Lower side panels are required and must not exceed 24 inches in height with a minimum of eighteen (18) inches.
- 3.14 **NO SUNSCREENING OR OTHER TYPE COVERING OVER THE SCREENS IS PERMITTED WITHOUT THE EXPLICIT APPROVAL OF THE BOARD OF TRUSTEES.**
- 3.15 Covered and enclosed patios must conform to Manchester Township as well as Crestwood Village Two regulations.
- 3.16 All work on covered and/or enclosed patios must be performed by licensed and insured contractors.
- 3.17 Although the patio is real estate and the property of Crestwood Village Two, the Certificate Holder is responsible for its maintenance and insurance.
- 3.18 Requests for covered or enclosed patios must be accompanied by a sketch and description of the patio showing its dimensions, location, and access.
- 4 **GROUND AND GARDENS**-It is the responsibility of the Certificate Holder to keep the grounds surrounding their particular unit clean, neat, and orderly.

Failure to maintain the grounds within three feet of the unit may result in a decline of adjoining property values and an unfair as well as unacceptable situation for neighboring properties. As it is the responsibility of the Board of Trustees to protect the interests of all Certificate Holders, this appearance requirement will be enforced.

- 4.1 No property boundary lines are to be formed by cinder blocks, bricks, hedges, shrubs or fences of any type.
- 4.2 Small vegetable gardens are permitted provided they are in locations that do not become unsightly to surrounding areas and conform to the planting guide (Section 5.1 and General 8.20).
- 4.3 Receptacles such as metal or plastic garbage cans or other containers, including bagged materials, shall not be permitted to stand along the outside wall of buildings. Tool sheds of any kind shall **NOT** be erected.
- 4.4 When not in use, hoses are to be removed from lawns, walks, and parking spaces. Lawns will not be cut if hoses are not put away.
- 4.5 Dumping of grass clippings or trash is not permitted in wooded or common areas.
- 4.6 Burning of paper or rubbish of any kind is **NOT** permitted.
- 4.7 Compost piles are **NOT** permitted.
- 4.8 Lawn sprinkler schedules issued from year to year by Manchester Township are to be strictly adhered to, to assure adequate pressure for the convenience of residents, as well as to protect in case of fire emergency.
- 4.9 The walkways in the quad, six-plex and eight-plex models are designed to afford each occupant maximum privacy. However, walkways are common grounds, and in an emergency, each occupant shall have the right to use any walkway when necessary for ingress or egress to and from his or her unit. Further, walkways shall be kept clear at all times for passage by any occupant to any unit.
- 4.10 Trees are Co-Op property and **NOT** to be cut down by residents unless approved by Board of Trustees and at owner's expense. Trees are not to be cut down without prior written permission of the Board of Trustees. To do so, will result in a fine to be determined by the Board of Trustees and the cost of which shall be borne by the Certificate Holder.
- 4.11 Storage bins will be allowed on resident's premises upon approval of the Board. The size of which and its placement will be determined by the Board of Trustees. These storage bins will be made available for sale through our maintenance department and will be the only storage bins permitted on village premises. It will be the resident's responsibility to properly place and maintain the storage bin. If at any time, the Board determines that the

resident is not properly maintaining the bin or the bin has not been placed appropriately, the Board will so notify the resident. If the improper condition is not remedied within the time as set forth in the existing bylaws and any amendments thereto, the Board will arrange to either maintain or remove the bin at the resident's expense. Storage bins are to be installed immediately adjacent to a residence and must comply with an approved placement sketch on the required work order form. Only one storage bin is permitted per unit.

5 PLANTING GUIDE

The purpose of the following rules concerning various plantings (shrubs, trees, flowers) is to provide residents with the greatest degree of individual freedom relating to the location and variety of plantings consistent with achieving a reasonable cooperative cost of outside maintenance. By requiring that plant grouping be developed with sufficient space between planting areas, it is possible to maximize the use of machine work, thereby continuing the lowest monthly maintenance cost possible in the future years.

5.1 FOUNDATION PLANTING

Planting may be made within three (3) feet of a unit. In an effort to permit residents an opportunity to personalize or add a creative touch to their individual leased premises, the Board of Trustees will consider any written request presented to it. Each request should outline in writing by diagram or sketch, the planting plan or item of personally that the resident wishes to place on their leased premises. If approved by the Board, it will be the resident's responsibility to properly maintain and care for such planting or item. If at any time, the Board finds that the resident is not properly maintaining the planting or item for which approval was granted, then the Board will so advise the resident. If the condition is not remedied within the time as set forth in the existing bylaws and any amendments thereto, the Board will arrange to either maintain or remove the planting or item at the resident's expense.

5.2 PLANTING AREAS

Any planting beyond three (3) feet of the unit must have approval of the Board of Trustees. No trees may be planted without express consent of the Board.

- (a) Where desirable and practical, planting groups may be developed within a maximum of three (3) feet around existing trees with prior approval of the board of trustees.
- (b) It is prohibited to install any plantings that are designed to partition or divide one area from another or give a fence-like appearance.
- (c) Personal accents should not be placed in common areas without prior approval of the Board of Trustees. These items should be surrounded by a border and maintained in a bed of mulch or stone not to exceed a maximum of three (3) feet.

5.3 **DRAINAGE**

It is very important that the proper drainage of rainwater be maintained at all times and directed away from the unit. Therefore, obstructing or altering the existing flow of ground water on any portion of the cooperative land is prohibited.

- 5.4 Upon approval by the Board of Trustees and prior to planting shrubs, trees, etc., please check with the telephone, electric, and cable companies for possible interference with their lines. This also applies to the installation of sprinkler systems.

6 **PETS**

- 6.1 One domestic pet may be kept in each home with the express consent of the Trustees. If loss of that pet occurs, application for another pet must be made to the Trustees. So that there is no misunderstanding of this rule, if for any reason, a resident was previously permitted by the Board upon purchase of his/her leased residence, to have more than one pet, upon the demise of one of those pets, no replacement will be allowed. This is designed to enforce the one-pet per household rule.

Dogs and cats may not run free at any time. If it is observed that they are running free, Certificate Holders are advised to contact Animal Control.

They must be on a hand-held leash at all times when outside. The maximum length of leash must be six (6) feet. No stop leashes are permitted in this village.

Dogs must be licensed by order of the Township Ordinance. A copy of said license should be provided to the Harmony Hall office.

- 6.2 Pets may not be housed in crawl spaces or garages.
- 6.3 Allowing your pet to leave waste on someone's lawn is a blatant lack of respect for your neighbor and the neighborhood and is highly unsanitary. **PETS SHALL NOT BE WALKED IN BETWEEN BUILDINGS-rear or side (except for ingress or egress) or on or in front of lawns of other unit owners.** Pets should only be walked in the street or in a wooded area directly behind your own unit, or outside the village. Pets shall not be walked on Harmony Hall property. Common sense should prevail. **ALL PET DROPPINGS ON CO-OP PROPERTY MUST BE CLEANED UP BY PET OWNER OR GUARDIAN.**
- 6.4 No unit or garage may be used as a kennel or for pet storage.
- 6.5 **ALL PET DROPPINGS ON CO-OP PROPERTY MUST BE CLEANED UP BY PET OWNER OR GUARDIAN.**
- 6.6 Feeding of stray or wild animals is prohibited.

- 6.7 Traps placed by the Maintenance Department must be left in place, and not to be tampered with or moved by residents.
- 6.8 Feeding of birds must be done with caution. Placing food or allowing it to remain where animals, rats, mice, flies and other vermin are drawn to it can create an unhealthy situation requiring costly professional exterminating services. Said exterminating services would be the responsibility of the homeowner.
- 6.9 So that the Board is aware of all pets residing in the village, a registration form, available in the management office, should be completed by residents and returned to the Harmony Hall office.

7 GUESTS, CHILDREN AND VISITORS

- 7.1 Visiting children must not be permitted to run around any unit or building.
- 7.2 Visiting children must be accompanied at all times by an adult.
- 7.3 No baseball or other games may be played on Village property.
- 7.4 Children are not permitted in the clubhouse unless accompanied by a Certificate Holder.
- 7.5 All clubhouse equipment is the property of Crestwood Village Co-Op Two, Inc. Visitors and children must be accompanied by a member in order to use the clubhouse equipment.
- 7.6 Length of stay of visiting children or adult guests shall not exceed fourteen (14) days within a 90-day period.
- 7.7 Certificate Holder will be responsible for all of his/her guests, children, and visitors.

8 GENERAL

- 8.1 Laundry lines are not permitted in the open. They may be installed in garages, and when in use, garage doors must be closed so that the wash is not visible from the street. Blankets, pillows, or wearing apparel shall **NOT** be aired in the open or hung on or over the railings.
- 8.2 Positively **NO** cans of gasoline, propane tanks, or paint rags or other flammable material is permitted to be stored on the premises unless an Underwriters Laboratory approved container with U.L. label is affixed.
- 8.3 Absolutely no commercial business is to be conducted from any residence.
- 8.4 No peddlers or solicitors of any kind are allowed in the Village. Any solicitors must be reported to the representatives immediately, who in turn, will report it to the Trustees.

- 8.5 No signs of any type may be exhibited in or on any land or building within the Co-Op for the purpose of advertising a commercial enterprise or the sale of any membership. The only exception would be with the approval of the Board of Trustees. However, if you have arranged for security on your premises, with Board approval, a sign advertising such security can be posted within your 3 foot planting area at the front of the residence with decals posted on the inside window.
- 8.6 TV's, stereos, and radios must be tuned low after 10:00 p.m. No radio transmitting equipment may be operated in the Village without special permission of the Trustees. Outside antennas are not permitted. However, 18" satellite dishes are permitted on roofs WITH PRIOR BOARD APPROVAL. Washing machines, dryers, dishwashers and/or noisy appliances must not be used before 8 a.m. or after 8 p.m., unless permission is given by the nearest neighbor. This does not apply to single units.
- 8.7 Power tools may not be used before 9:00 a.m. or after 6:00 p.m. Use of power tools and/or lawn mowers for grass cutting is not permitted on Sunday.
- 8.8 Vents in roof overhang or crawlspace **MUST NOT BE BLOCKED AT ANY TIME.** This area needs ventilation to eliminate condensation.
- 8.9 No sign of any nature shall be permitted in the interior of any dwelling unit which is visible from the outside. Nor shall any sign be permitted on the exterior of any dwelling unit or on the grounds thereof except that a small, unlighted sign containing the name of the occupant is permissible without board approval. However, if you have arranged for security to be installed on your premises, with Board approval, a sign advising of such security can be posted within your 3 foot planting area at the front of the residence with decals posted on the inside windows.
- 8.10 Each Certificate Holder shall be liable for any damage to the property of the Co-Op which shall be caused by such Certificate Holder or other person for whose conduct he is responsible including guests, children and visitors.
- 8.11 Damaged sprinkler heads are to be replaced or repaired at the expense of the resident or the landscaper.
- 8.12 All garbage must be secured in tightly fastened garbage bags and placed in the garbage cans provided. Black plastic garbage bags are not permitted as they are not accepted at the dump. Extra garbage shall not be placed outside the garbage can until the evening before collection.
- Bottles, cans, cardboard, and paper must be saved for Township Recycling days.
- 8.13 When rugs are cleaned, the vendor must carry the dirty water away with them. It should not be dumped into the Village streets-this dirty water eventually enters the Village lakes and causes damage therein.

- 8.14 A complaint requiring the Board of Trustees' action must be in writing, addressed to the Board, dated, and signed. Upon receipt, the Board will investigate the charges and come to a conclusion.
- 8.15 Estate or garage sales may be held only after permission by the Board of Trustees. No Sunday sales will be permitted. The hours to be held are from 10 a.m. to 4 p.m. No signs are to be displayed.
- 8.16 Where there is no next of kin available or referral listed with the Board of Trustees and an emergency occurs, the Board of Trustees has the authority to enter the unit with a Police Officer.
- 8.17 Window air conditioners are not permitted. In addition, wall air conditioners are not permitted in the front of the unit.
- 8.18 If the unit is unoccupied in the winter months and not winterized to protect the pipes from freezing, the resident assumes all responsibility for damage to the property.
- 8.19 Holiday decorations are to be removed from the unit and adjacent grounds within 2 weeks after the holiday. The only exception would be Christmas decorations which must be removed no later than January 31st.
- 8.20 It is the responsibility of the shareholder to keep the exterior of their particular unit clean, tidy, and presentable. Failure to maintain the unit will ultimately result in a decline of adjoining property values and an unfair as well as unacceptable situation for neighboring properties. As it is the responsibility of the Board of Trustees to protect the interests of all Certificate Holders, this appearance requirement will be enforced
- 8.21 Certificate Holder will be responsible for all his/her guests, children, and visitors.
- 8.22 Where it is found that any resident fails to comply with the foregoing Rules and Regulations as set forth herein, the following procedure will be instituted:
- (a) A trustee will visit the offending resident to informally request immediate compliance with the Rules and Regulations. A formal Notice of Violation will be issued from the Board of Trustees confirming the request for compliance. In the case of an overnight parking violation where a Violation Notice has been placed pursuant to Rule 1.1, said notice shall take the place of an informal request without the need of a visit from a trustee.
- (b) If the resident fails to comply within the time set forth in the existing bylaws and any amendments thereto, the Board will make a determination as to the fine to be imposed for failure to comply and a formal determination of the Board will be issued to the resident.

(c) Continued failure by a resident to comply with these Rules and Regulations or any of them, may result in a procedure to revoke his/her membership certificate in Crestwood Village Co-Op Two, Inc.

9. **ALTERNATE DISPUTE RESOLUTION**

An Alternate Dispute Resolution procedure, required by New Jersey State Law, has been approved by the Board of Trustees on August 10, 1998. This procedure will allow a fair and efficient procedure for individual unit owners to take a decision of the Board of Trustees to a hearing of their peers who can overturn the decision or accept the decision of the Board. See page 39 (Rev. Oct. 1999). A member of the board of trustees must be represented at all hearings.

RESALE PROCEDURE

The following provisions control the resale of Membership Certificates and in all instances must be complied with:

A. NOTICE OF INTENT TO SELL

Should you elect to sell your Co-Op Membership Certificate, there are several procedures which **MUST** be followed before soliciting a purchaser, whether on your own or through a sales agency. They are as follows:

1. Notify the Board of Trustees in writing addressed to the Co-Op Office of your intent to sell so that the Co-Op has an option to repurchase your Membership Certificate should it so elect.
2. Obtain the Co-Op's decision not to repurchase your Membership Certificate in writing.
3. Notify the Co-Op of your listing and submit a copy of your contract with your sales agency, if that is your choice.

B. INSPECTION OF PREMISES

1. The Co-Op will make a completed inspection of the residence before permission to sell is granted. Inspection is the responsibility of the Co-Op. Necessary repairs and replacements will be the responsibility of the seller. Copies of the inspection report and repair report will become part of the closing package. House must be broom cleaned and ready for sale.

2. A unit that has been for sale for six months or longer will be subject to a re-inspection at the seller's expense. Necessary repairs will be at the seller's expense.

C. LISTING WITH SALES AGENCY

You may elect to sell your Membership Certificate on your own or engage the services of a sales agency of your own choice, however, no signs of any kind are permitted.

In the event that the sale is effected by yourself or through a sales agency of your own choosing rather than that recommended by the Co-Op as one familiar and experienced with Co-Op residential ownership, it's necessary that a meeting be arranged with the prospective purchaser and member of the Board of Trustees and/or a Bylaws Committee member so that a full opportunity is available to the purchaser to learn the nature and responsibilities of the co-operative membership, etc. This is an excellent opportunity to review the By-Laws and Rules and Regulations of the Proprietary Lease in order to prevent any future misunderstandings.

D. CAPITAL DEPRECIATION AND TRANSFER FEE

The sale of your Membership Certificate, whether by yourself or through a sales agency, is subject to a Capital Depreciation Assessment and Inspection and Transfer Fee of three percent (3%) of the sales price which is due and payable to the Co-Op except as provided in Section (c) "Transfer in open market" on page 11. The division of such fees is to be made in accordance with the policy of the Board of Trustees existing at that time. The Capital Depreciation Assessment is dedicated to future repairs and improvements to the premises of the Co-Op.

E. DOCUMENTS NEEDED AT TIME OF CLOSINGS

At the time of closing the transaction, the following documents and other items must be delivered to the Co-Op for re-issuance to the purchaser:

1. Membership Certificate of the Seller.
2. Proprietary Lease of the Seller.
3. Up to date copy of the Bylaws and Rules and Regulations
4. Monthly Carrying Charges Coupons.

There will be a penalty fee of twenty-five dollars (\$25) for each missing document.

F. TRANSFER DUE TO DEATH OF A MEMBER

In the event of the death of a member, or one of the joint owner(s), the Membership Certificate must be transferred to the heir at law or surviving joint owner(s) if eligible. Pursuant to Article III, Section 8(b), the Secretary of the Co-Op must be notified of such death within thirty(30) days and the Membership Certificate must be transferred within three(3) months thereafter.

To accomplish a transfer of membership in this event, the following documents and other information will have to be delivered to the Co-Op Office:

1. Membership Certificate of deceased member.
2. Proprietary Lease of deceased member.
3. Copy of Co-Op Bylaws.
4. Original Death Certificate of deceased member.
5. Transfer Inheritance Tax Waiver for the dwelling unit.
6. Copy of the member's Will and Surrogate's Certificate in the event that the Membership Certificate has been devised to an heir at law. This would not be the case upon the death of one of several joint owner(s).
7. Monthly Carrying Charges Coupons or verification of electronic funds transfer.

G. AUCTION OF UNIT

The auction of any unit in Crestwood Village Co-Op Two, Inc. is prohibited.

ALTERNATIVE DISPUTE RESOLUTION AND PROCEDURES

Pursuant to **N.J.S.A. 46:8B-1**, et. seq., the following was approved by the Board of Trustees:

"The Trustees shall provide a fair and efficient procedure for the resolution of disputes between individual unit owners and the Association, and between unit owners, which shall be readily available as an alternative to litigation."

AND ITS AMENDMENT DATED DECEMBER 11, 2000. THOSE SECTIONS INDICATED BY AN (a)

(A) VIOLATION OF MASTER DEED, BYLAWS OR RULES AND REGULATIONS OF THE ASSOCIATION

1. Any unit owner, Area Representative, member of the Board of Trustees or agent of the Association has the right to request that a unit owner or the Association cease or correct any act or omission which appears to be in violation of the Master Deed, By-Laws or Rules and Regulations of the Association. Such informal requests should be made to the Board of Trustees in writing before any formal mediation process is initiated.

2. When in the opinion of the Board of Trustees, the health, safety, and welfare of the Village is being immediately and adversely affected by a violation of the Rules and Regulations, the right and privilege to use the community facilities may be suspended by the Board of Trustees, without notice, for a period of not greater than seventy-two (72) hours until a proceeding can be held as hereinafter provided.

2.(a) ADR, Procedure, Section A, Paragraph 2, is hereby amended to reflect that the Association shall provide notice of suspension referenced therein to the affected unit owner. The unit owner shall have further right to specifically request the ADR procedure.

3. The Association shall make initial attempts to secure compliance with the Master Deed, By-Laws, or Rules and Regulations of the Association through correspondence to the unit owner which sets forth the time, date, place, and nature of the violation as well as a time period in which said violation must be corrected. If the unit owner does not respond or make election to proceed to negotiation with five (5) days, the notice shall indicate that all allegations contained herein shall be deemed to be admitted and the Board of Trustees shall have the right to impose those sanctions set forth in Paragraph 20.

3.(a) ADR Procedure, Section A, Paragraph 3, is hereby amended to reflect that the notice provided for therein shall be delivered to the unit owner via certified mail, return receipt requested or hand delivery. This paragraph is further amended to reflect that the unit owner has the option to proceed in court.

4. If the unit owner responds or otherwise elects to proceed, the parties shall negotiate the dispute with the assistance of the Area Representative for the unit owner involved. Where the dispute involves owners from different areas, then with the Area Representative from the two areas possessing the greater seniority.

4.(a) ADR Procedure, Section A, Paragraph 4 is hereby amended to reflect that the area representative shall recue himself/herself if he or she is in any way involved in, or party to, the dispute. This paragraph is further amended to reflect that the negotiation meeting referenced therein shall be arranged and take place within five (5) days and shall conclude within ten (10) days unless the time is extended by mutual written consent of the parties. This paragraph is further amended to reflect that if an area representative is involved in the dispute, the neighboring area representative shall act as the substitute area representative for the recued area representative. The area representatives referenced in the paragraph shall be under the same constraints as the mediators referenced in paragraph 9. This paragraph shall specifically apply where the unit owner's area representative shall act as the area representative in negotiating the complaint.

5. The Area Representatives shall not have the power to bind the parties or make determinations.

6. If the parties agree to a settlement, the Area Representatives shall memorialize that settlement in writing, with copies given to each party and one copy filed with the Co-Op.

6.(a) ADR Procedure, Section A, Paragraph 6, is hereby amended to reflect that the parties to the dispute shall sign the settlement statement which shall indicate that the parties understand and consent to it.

MEDIATION

7. If the dispute has not been resolved through negotiation, as set forth above, the parties shall proceed to mediation before electing arbitration or litigation.

8. A formal mediation process shall be initiated upon the written notice of all parties to the dispute or by a unit owner if the dispute is with the Co-Op itself. The notice shall contain a brief statement setting forth the source and nature of the complaint.

9. The mediation shall be conducted in accordance with the Mediation Rules of the American Arbitration Association (AAA) then in effect and as modified by the mediator(s). The mediation shall be conducted by three members of the Mediation/Grievance Committee ("committee"). The committee shall consist of five members appointed for a one year term. Any certificate holder and/or member in good standing maybe appointed to this committee by the Board of Trustees.

Where the dispute involves complaint against the Co-Op itself, a specially appointed, limited term Grievance Committee shall conduct the mediation. Such special committee shall consist of three members of the Co-Op in good standing who have volunteered their services for the mediation dispute. A list of volunteers shall be maintained by the Co-Op and updated annually. Each party to the dispute shall select one volunteer from this list to the special committee. These two people shall then select the third person from the same list. At the conclusion of the mediation process for each dispute, the specially appointed committee shall terminate. Where the dispute involves issues that are deemed by the Grievance Committee, either appointed or special, as too complicated, complex, or problematic for the committee to adequately mediate, the committee shall have the power to refer the dispute to a professional mediator(s). The cost of such mediation shall be shared equally among the parties.

9.(a) ADR Procedure, MEDIATION, Paragraph 9, is hereby amended to reflect that the unit owner shall be entitled to request recusal of a committee member if it appears that there is a conflict between the member and the party to the dispute. The unit owner shall be entitled to request that any committee member disclose any connection to the dispute, even if the member is selected by the unit owner or the first two committee members. If the dispute is referred to a paid mediator, it shall be a common expense of the Co-Op, and shall not be shared equally among the parties to the dispute. At the request of any party to the dispute, the Co-Op attorney may provide insight into the committee may not want to mediate, i.e., those matters requiring legal interpretations previously not settled.

10. Each party to the mediation may prepare and submit to the committee, no later than 48 hours prior to the time set for mediation, a written statement setting forth either the violation complained of or defense thereto. The position statement shall not exceed three typed pages, nor shall it be construed to limit the evidence the parties may use or seek to introduce in any further proceedings. No responsive or supplemental statements shall be permitted.

11. The committee shall manage the mediation proceedings as the committee deems best so as to make it expeditious, economical, and less burdensome than litigation.

12. A hearing on the dispute shall be held within ten (10) days of the receipt of the written statement. Each party shall attend the mediation.

13. If the parties agree to settle the dispute, the committee shall memorialize the settlement in writing, with copies given to each party and one copy filed with the Co-Op.

14. Mediation proceedings shall be conducted in private, with only the parties to the dispute permitted to attend. Nothing said or disclosed, nor any document produced, which is not

independently discoverable, shall be offered or received as evidence or used to impeach or for any other purpose in any future proceedings or litigation.

15. The committee shall not have the power to bind either party or issue a determination, but shall make any recommendations necessary to assist in arriving at a settlement. If the parties do not settle the dispute through mediation, the committee shall write its conclusions and recommendations, with copies forwarded to both parties and filed with the Co-Op. The recommendation shall also be used for any further alternative dispute resolution proceedings.

13.(1) and 15.(a) ADR Procedure, MEDIATION, Paragraphs 13 and 15 are hereby amended to reflect that there shall be a five (5) day time limitation on the actions referenced herein.

ARBITRATION

16. If the dispute has not been resolved, the unit owner may elect to proceed to binding arbitration before a sole arbitrator who is designated as such by the American Arbitration Association. Selection of the sole arbitrator shall be from a panel of six names supplied by the AAA. From that six, each party shall rank in order from one to six its preference. Those names will then be returned to the AAA, who will, in turn, select the arbitrator based on each party's rankings. Referral to arbitration shall be by mutual agreement of the parties, except if the Co-Op is a party to the dispute, the request for arbitration by a unit owner shall be sufficient. All costs of arbitration, including any filing and selection fees, shall be shared by the parties.

17. If the dispute involves the Board of Trustees or Co-Op, the unit owner's election to proceed to arbitration shall control. If the dispute is between two or more unit owner's, all parties must agree to arbitration. If arbitration is not chosen, the parties are free to elect litigation or some other form of dispute resolution not adopted herein.

18. A formal arbitration proceeding shall be commenced upon the filing with the Association of a Notice of Intent to Arbitrate by all parties to the dispute, or by the unit owner in the event of a dispute with the Association. The notice shall contain a brief statement of the source and nature of the dispute. By submission of the notice, both parties acknowledge and confirm that they intend to give up their right to have the dispute decided by a court or jury, except as otherwise provided for in Paragraph 23.

19. Arbitration shall be conducted in accordance with the Rules of the AAA then in effect and as modified by the arbitrator. There shall be no dispositive motion practice nor shall the arbitrator be bound by the rules of evidence or civil procedure.

20. The arbitrator shall, within ten (10) days of the conclusion of the hearing, determine the claims of the parties and render a final award in writing. The arbitrator may, but is not required to, provide a concise statement of the basis for his or her conclusions. Such conclusions and/or awards may include, but is not limited to:

- (1) A fine as per the Board of Trustees for each violation and for each day the violation continues after the party has been notified of the determination or as permitted by State Law.
- (2) Suspension of the right to use any of the community facilities owned, operated, or managed by the Co-Op for such period as the Board may deem appropriate.
- (3) Injunctive relief or specific performance as obligated by the Master Deed,

the By-Laws, or the Rules and Regulations of the Co-Op.

21. Within thirty (30) days of the delivery of an award, the arbitrator may make corrections on his or her own initiative or as requested by a party, provided that all corrections are made in writing.

22. The arbitrator shall base the award on the applicable provisions of the Master Deed, By-Laws, or Rules and Regulations of the Association.

23. Within forty-five (45) days of the transmittal of the award, a party may seek judicial review of the arbitration award solely and exclusively on the grounds that it was obtained through fraud, corruption, or misconduct or was in contravention of the Master Deed, Bylaws or Rules and Regulations of the Co-Op. Any suit, action, or proceeding seeking such judicial review shall be instituted in the Superior Court of New Jersey. If an award is reviewed, the prevailing party shall be entitled to recover from the non-prevailing party all costs and reasonable attorney's fees incurred in the review proceeding, including those of the Co-Op's counsel.

GENERAL PROVISIONS

24. No provision or proceeding herein shall be construed to limit a party's right to be represented by counsel at any stage set forth above.

25. Any inadvertent omission or failure to conduct a proceeding in exact conformity with this Resolution shall not invalidate the results of such proceeding, so long as a prudent and reasonable attempt has been made to ensure due process according to the general steps set forth herein.

26. Any judicial review, as set forth in Paragraph 23 or otherwise, may not be initiated until the dispute has completed negotiation and mediation stages of the alternative dispute resolution process.

27.(a) ADR, Procedure, GENERAL PROVISIONS, Paragraph 26, is hereby amended to reflect that although once the ADR process has been started, it must be completed, the unit owner shall have the option to proceed directly to court, and is not required to initiate the ADR process.

The amendment to the ADR Procedures established in this resolution shall become effective on the 11th day of December, 2002, shall apply to the Association from and after that date and supersedes all prior resolutions regarding Alternative Dispute Resolution.

