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ALFRED VAIL MUTUAL ASSOCIATION

BY-LAWS
Amended January 30, 2014

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BY LAWS
OF
ALFRED VAIL MUTUAL ASSOCIATION

ARTICLE I
CORPORATION AND PURPOSE

Section 1.1 Nature of Corporation and By-Laws.

These By-Laws are intended to govern the administration of Alfred Vail Mutual Association ("Association"), a not-for-profit New Jersey corporation, having no capital stock or shares thereof, organized under the laws of the State of New Jersey governing "Corporations and Associations Not-For-Profit". As stated in the Certificate of Incorporation, dated November 20, 1956, the Association was organized for the purpose of operating and managing the 265 dwelling Units and adjacent property located within the community known as Alfred Vail as transferred by virtue of a quit claim deed recorded on March 3, 1957 in Deed Book 2746, Page 24, et seq. of the Monmouth County Clerk's Office and a deed of dedication recorded on a date in 1957 in Deed Book 2731, page 347, et seq. in the Monmouth County Clerk's Office.

Section 1.2 Principal Office.

The principal office of the Association shall be located at 17 Barker Avenue, Shrewsbury Township, Monmouth County, New Jersey, or at such other convenient and suitable place as shall be permitted by law and designated by the Board of Directors.

Section 1.3 Fiscal Year.

The fiscal year of the Association shall be on a calendar year basis, beginning with the first day of January and ending with the last day of December each year, or upon such other basis as the Board of Directors shall deem advisable.

Section 1.4 Definitions.

(a) Association. The Alfred Vail Mutual Association.

(b) Board or Board of Directors. The Board of Directors of the Association.

(c) Community. All property comprising the Association including the 265 units.

(d) Immediate Family. The spouse, legal domestic partner, child or stepchild, parent or stepparent, or sibling of the Member.

(e) Management Fee. The sum to be paid by each Member based on Unit type which covers the Member's proportionate share of all operating services and reserves but not Tax Assessment, Utility Fee, or other amounts properly charged to the Unit.

(f) Member. An individual named as Member in and the holder of a Membership Certificate.

(g) Membership Certificate. The document adopted by the Board and delivered by the Association to a Member granting the right to use and enjoyment of a Unit.

(h) Tax Assessment. The sum to be paid by each Member based on Unit Type for all real estate taxes.

(i) Unit or Dwelling Unit. Each of the 265 residential Units to which a Membership Certificate conveys to a Member the right to perpetual use and enjoyment. There shall be three types of Units: Type One, which shall be those Units originally with one (1) bedroom, Type Two, which shall be those Units originally with two (2) bedrooms, and Type Three, which shall be those Units originally with three (3) bedrooms. There are 40 Type One Units, 157 Type Two Units, and 68 Type Three Units, within the Association.

(j) Utility Fee. The sum to be paid by each Member for the Member's share of utility services provided to the Member's Unit, including but not limited to electric, water, sewer and gas.

Section 1.5 Corporate Seal.

The corporate seal of the Association shall be circular and shall bear the words "Alfred Vail Mutual Association" and shall contain the year of organization, which is 1956. The seal shall be affixed where necessary by the Secretary or an employee (as designated by the Board of Directors) of the Association.

ARTICLE II
MEMBERSHIP AND MEMBERSHIP CERTIFICATES

Section 2.1 Membership.

The membership of the Association shall be comprised of holders of Membership Certificates and such holders shall be referred to in these By-Laws as Members. Members shall be natural persons and, with the exception of the Association when it holds Membership Certificates, no Member shall be an entity such as a corporation, partnership, limited liability company, trust, or otherwise. Each Member shall have one (1) vote for each Unit within the Community to which the Member holds a Membership Certificate provided that the Member is in good standing at the time the vote is cast. Whenever a Membership Certificate is held by two (2) or more persons, such co-

Members shall jointly exercise one (1) vote for their Unit. Tenants and other residents of a Unit, who are not Members, shall not be entitled to vote on any matter or in any election of the Association. Membership in the Association shall be automatically terminated by the sale, transfer, or termination of the Membership Certificate.

Section 2.2 Obligations of Members.

Each Member shall be obligated to:

(a) Comply with the terms and conditions of the Membership Certificate, these By-Laws, and any rules and regulations promulgated by the Board of Directors;

(b) Ensure that all residents of and guests and invitees to the Member's Unit comply with the terms and conditions of the Membership Certificate, these By-Laws, and any rules and regulations promulgated by the Board of Directors;

(c) Maintain, repair, and replace such property belonging to or the responsibility of the Member as set forth in the Maintenance and Member's Responsibility Guidelines, the Membership Certificate, and these By-Laws;

(d) Repair, and or pay for the repair of any damage caused by the Member, or a tenant, resident or guest or invitee of the Member's Unit, to the property of the Association or to property which is otherwise the maintenance responsibility of the Association.

Section 2.3 Member In Good Standing.

A Member shall be deemed to be in good standing if that Member has timely paid all amounts due and properly charged against the Member's Unit and is in compliance with the Membership Certificate, these By-Laws, and any rules and regulations of the Association. Accordingly, a Member not in good standing is a person who, on a date fixed by the Association which shall be at least 10 days but not more than 60 days prior to the date of a meeting of the Members: (a) is more than 30 days delinquent in payment of any Fee, Utility Fee, Tax Assessment, special assessment, and/or other charges, together with all interest, costs, late charges, attorneys' fees, penalties, and other fees and expenses, if any, properly chargeable to the Member and the Member's Unit, unless an executed payment plan agreement for arrears is in place and in compliance with the Member; or (b) has been determined to be in continuing violation of any provision of the Membership Certificate, these By-Laws, and any rules and regulations of the Association, after having been offered the opportunity to participate in the Association's dispute resolution process.

Section 2.4 Membership Fee.

Each Member shall pay to the Association upon issuance of a Membership Certificate, a nonrefundable and nontransferable membership fee in an amount to be determined each fiscal year by the Board of Directors. Payment of the membership fee shall be a condition precedent to the exercise of rights of membership in the Association. No membership fee shall be required when a replacement Membership Certificate is reissued because it was lost, stolen, mutilated, or destroyed.

Section 2.5 Form Of Membership Certificate.

The Board of Directors shall adopt a form of Membership Certificate to be issued by the Association to Members for the leasing of each the 265 dwelling Units within the Association. Such Membership Certificates shall entitle the Member and Member's Immediate Family to the perpetual use of the Dwelling Unit described therein. The Membership Certificate shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby, and the sale or transfer of the Membership Certificate shares and such other terms, provisions, conditions and covenants, as the Board of Directors deems advisable.

The Membership Certificate may be amended (a) by the Board of Directors from time to time, however, such amendments shall affect only those Membership Certificates issued after the date of the amendment, or (b) by the affirmative vote of a majority of Members in good standing voting at a special meeting of the Members called for such purpose at which a quorum of Members is present, or by ballot by mail in lieu of a meeting for which at least a quorum has responded.

Section 2.6 Issuance of Membership Certificates.

A total of 265 Membership Certificates shall be issued, one (1) for each of the 265 Units within the Community. Each Membership Certificate shall entitle the Member to the perpetual and exclusive use of the Unit described therein, for the Member and his Immediate Family , and subject to its terms and conditions including the right to use and enjoy certain Community property and facilities in common with other Members and residents. A Membership Certificate shall be issued only in connection with the transfer of a Unit from a Member to another. No Member may be permitted to hold more than two (2) Membership Certificates, however, the Association may hold any number of Membership Certificates when the Board of Directors deems it advisable to do so. With the exception of Membership Certificates held by the Association, Membership Certificates may be issued in the name of one (1) or more Members who shall be natural persons accepting the terms of membership. A secured party, a mortgagee, lien holder, or similar interested party shall not be a Member solely by virtue of its secured interest.

A Membership Certificate shall be issued by the Association at the closing of a Unit. Each Membership Certificate, numbered in the order in which it is issued, shall be signed by the President or Vice President and the Secretary or the Treasurer, the corporate seal of the Association shall be affixed, and shall be signed by the Member(s) accepting the

terms of membership. The original Membership Certificate shall be provided, at closing, to the Member or, if required by the terms of the closing, directly to a secured party, mortgagee, or lien holder. The Association shall maintain a Membership Book which shall contain a copy of each original Membership Certificate, the name of the Member(s) holding such Membership Certificate, and the number of the Membership Certificate.

Section 2.7 Sale and Transfer of Membership Certificate.

A Membership Certificate shall be sold or transferred only in compliance with the terms and conditions of such Membership Certificate and these By-Laws.

A sale or transfer of a Membership Certificate shall be made only upon the books of the Association by the Member in person or by power of attorney, duly executed and witnessed (or with such signature guaranty as the Board of Directors may request) and filed with the Secretary, and on the surrender of the Membership Certificate to the Association. The surrendered Membership Certificate shall be marked canceled with the date of cancellation. No sale or transfer of a Membership Certificate shall be valid as against the Association until the Membership Certificate shall have been entered in the Membership Book and until all requirements of the Membership Certificate and these By-Laws shall have been satisfied and complied with.

All sales and transfers of Membership Certificates are subject to the Association's right to approve the proposed successor and any such approval shall be made in writing by the Association. In the event a suitable successor is not found by a Member desiring to sell or transfer the Membership Certificate, the Association shall have the right, but not the duty, to purchase the Membership Certificate from the Member.

In the event of the passing of a Member when a transfer by descent, distribution or devise is pending, the Membership Certificate shall be transferred to the succeeding Member's name within six (6) months after the death of the Member or four (4) months after appointment of an executor, whichever occurs first. If transfer does not take place as required, the Association shall have the right, by court order to appoint a substitute administrator. All costs incurred by the Association in doing so, including attorneys' fees and costs, shall be charged to the Member's estate.

Section 2.8 Termination of Membership Certificate.

A Membership Certificate may be terminated as set forth in the Membership Certificate or by these By-Laws. Upon termination of a Membership Certificate, the Association may, at its option: (a) purchase the Membership Certificate at a fair market value that the Association deems appropriate; or (b) obtain the Membership Certificate by Court Order.

Section 2.9 Fees on Sale or Transfer.

The Board of Directors shall have authority to impose and to collect, before the transfer of any Membership Certificate, reasonable fees to cover the Association's expenses and attorneys' fees in connection with such transfer.

Section 2.10 Replacement Of Membership Certificate.

In the event that any valid Membership Certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a replacement Membership Certificate in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board of Directors may, in its discretion, before the issuance of such replacement Membership Certificate, require the Member requesting the replacement, or the legal representative of that Member, to pay to the Association a reasonable fee for the time and expense incurred in preparing the same and/or to make an affidavit or affirmation setting forth such facts as to the loss, theft, destruction or mutilation as it deems necessary. Any Membership Certificate terminated or sold by the Association pursuant to these By-Laws or the Membership Certificate, may be transferred without the surrender of such Membership Certificate and the Membership Certificate shall be canceled in the Membership Book.

Section 2.11 Membership Certificate as Collateral.

A Member shall be entitled to use the Membership Certificate as collateral, security, pledge, or otherwise, in accordance with the terms of the Membership Certificate, these By-Laws and any rules and regulations of the Association. The Board of Directors shall make reasonable rules and regulations permitting such use of the Membership Certificate, providing that the use is legal and is not adverse to the interests of the Association or its Members.

ARTICLE III
MEETINGS OF MEMBERS

Section 3.1 Location of Meetings.

All meetings of the Members of the Association shall be held at 17 Barker Avenue, Shrewsbury Township, Monmouth County, New Jersey or at such other place convenient to the Members as may be designated by the Board of Directors.

Section 3.2 Annual Meeting.

The annual meeting of the Association will be held in January of each year or at such other time as may be designated by the Board of Directors. At each annual meeting, the nomination of directors shall take place, as well as any other business which may properly come before the Members. The order of business at the annual meeting of the Members shall include, as appropriate, but shall not be limited to the following:

(a) Roll call;
(b) Present the minutes of the preceding annual meeting and submit same for approval;
(c) Submit correspondence for approval;

(d) Payment of bills (as previously authorized by the Board at a duly held Board meeting);
(e) Discussion of budget;
(f) Annual report;
(g) Nomination of Directors; and
(h) Election of Board of Directors.

Section 3.3 Special Meetings.

Special meetings ("Special Meetings") of the Members shall be called by the Secretary: (a) when so ordered by the Board of Directors; or (b) upon the written request of at least 25 Members in good standing, which request shall state the purpose of the meeting and the matters proposed to be acted upon. No special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of the Members held during the preceding 12 months, except upon the written request of at least 50 Members in good standing.

Section 3.4 Open Board Meetings.

There shall be five (5) standing open board meetings ("Open Meetings") of the Members each year, at which the Board of Directors shall meet with the Members to discuss business of the Association and matters important to Members. Four (4) of these five (5) meetings shall be scheduled by the end of each fiscal quarter of the Association (January, April, July, October) with the fifth meeting scheduled within 30 days of the election of the Board, unless otherwise agreed to by majority vote of the Board. The first of these five (5) meetings shall be known as the Annual Meeting, held in January. Only the Annual Meeting shall be considered a Special Meeting.

The order of business at any Special Meeting or Open Board Meeting of the Members shall include, but shall not be limited to the following:

(a) Call to order;
(b) Presentation of proof of notice of meeting;
(c) Roll call;
(d) Presentation of minutes of preceding meeting of Members and submission or approval;
(e) Voting, if scheduled;
(f) Submit correspondence for approval;
(g) Payment of bills (as previously authorized by the Board at a duly held Board meeting);
(h) Report of officers;
(i) Report of attorney;
(j) Report of committees;
(k) Old business;
(l) New business;
(m) Comments from Members; and
(n) Adjournment.

Section 3.5 Notice of Meetings.

Notice of each meeting of the Members shall be provided, not less than 10 days nor more than 60 days before the day on which the meeting is to be held, to each Member by personally delivering or mailing, postage prepaid, a written or printed notice. Every such notice shall state the time and place of the meeting and the specific purpose of the meeting. Notice of any adjourned meeting of the Members shall not be required to be given except when otherwise expressly required by law.

Section 3.6 Waiver of Notice.

The attendance of any Member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by the Member.

Section 3.7 Quorum.

At each Special Meeting of the Members, the presence, in person, by proxy, by absentee ballot, or by ballot by mail in lieu of a meeting, of at least 25 Members in good standing shall constitute a quorum and shall be required to permit the transaction of any business. In the absence of a quorum, the meeting may be adjourned by the Members present to a time not less than 24 hours from the original meeting date. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 3.8 Organization.

At each meeting of the Members, the President shall act as chairperson and the Secretary shall act as the Secretary. In the absence of the President, the Vice President, or in the absence of both of them, a person chosen by the majority vote of Members entitled to vote and present in person or by proxy, shall act as chairperson. In the absence of the Secretary, the chairperson shall appoint a person to act as Secretary of the meeting.

Section 3.9 Voting.

Each Member shall have one (1) vote for each Unit within the Community to which the Member holds a Membership Certificate provided that the Member is in good standing as defined herein. Whenever a Membership Certificate is held by two (2) or more persons, such co-Members shall jointly exercise one (1) vote for their Unit. Tenants and other residents of a Unit, who are not Members, shall not be entitled to vote on any matter or in any election of the Association. Voting shall be in person (either by printed ballot or by show of hands), by proxy, absentee ballot or ballot by mail in lieu of a meeting; the manner of voting used for any meeting shall be at the sole discretion of the Board of Directors. Unless otherwise specified in these By-Laws or the Certificate of Incorporation, the affirmative vote of a majority of Members in good standing who are present in person, by proxy, by absentee ballot, or ballot by mail in lieu of a meeting, at a

meeting at which quorum is present, shall constitute the act of the Members.

(a) In Person. Voting in person shall be by show of hands (with the exception of elections of the Board of Directors) or by written ballot.

(b) Proxies. All proxies shall be in writing and signed by the individual Members, or in the case of co-Members, by any one of them, and delivered to the Secretary or such other person as the Board of Trustees may designate, at least 48 hours prior to the commencement of meeting at which ballots are to be cast. The proxy holder must be at least 18 years of age and shall be a member of the Member's Immediate Family and a resident of the Unit. Proxies may be revoked after being delivered to the Association but not after commencement of the meeting at which ballots are to be cast. No proxy shall be voted on after 11 months from the date of its execution unless the proxy provides for a longer period, which in no event can exceed three (3) years from the date of its execution. All proxies shall be substantially in the form prescribed by the Board of Directors, and if not in such form, shall be deemed invalid, which determination shall be made in the sole and absolute discretion of the Board of Directors.

(c) Absentee Ballot. Absentee ballots shall be in writing and delivered to the Secretary of the Association or such other person as the President may designate, at least 48 hours prior to the commencement of the meeting at which ballots are to be cast. Absentee ballots may be revoked after being delivered to the Association but not after the commencement of the meeting at which ballots are to be cast. All absentee ballots shall be substantially in the form prescribed by the Board of Directors, and if not in such form shall be deemed invalid, which determination shall be made in the sole and absolute discretion of the Board of Directors.

(d) Ballot By Mail In Lieu Of A Meeting. The Board of Directors, in lieu of calling a meeting of the Members, may submit any question (with the exception of elections of the Board of Directors) to a vote of the Members by a ballot by mail. Each ballot shall be signed by the Member and shall include the Member's Unit address or it shall be deemed invalid. The Board shall appoint judges to tabulate the ballots. In order to conduct a ballot by mail in lieu of a meeting, the Board of Directors shall serve notice upon all Members which shall state with specificity the vote(s) to be taken and the date ballots must be returned in order to be counted, provide an official ballot for the purposes of the vote, and state the date upon which the action contemplated shall be effective, which date shall not be less than 10 days after the date ballots must be received.

Section 3.10 Judges.

If a vote by ballot shall be taken at any meeting of the Members or in the case of a ballot by mail in lieu of a meeting, the chair of the meeting (or the Board of Directors in the case of a ballot by mail in lieu of a meeting) shall appoint two (2) persons to act as judges to such vote. The judges need not be Members but may not be an officer or Director or have a direct interest in the voting. Each judge shall subscribe an oath to execute faithfully the duties of a judge with strict impartiality and according to the best of his

ability. The judges shall decide upon the qualifications of voters, shall report the number of votes represented at the meeting and entitled to vote, shall conduct and accept the votes, and when the voting is completed, shall ascertain and report the number of votes for and against, however, the number of votes received by each candidate in an election of Directors need not be reported. Reports of judges shall be in writing and subscribed to. At any election of directors where more candidates are nominated than there are positions to be filled, the election shall be conducted by two (2) inspectors of election to be appointed by the President. No director or candidate for director shall be eligible to appointment as inspector. Before entering upon the discharge of their duties, the inspectors appointed to act shall be sworn faithfully to execute the duties of inspectors at such meeting with strict impartiality, and according to the best of their ability.

ARTICLE IV
BOARD OF DIRECTORS

Section 4.1 Number and Qualification.

The Board of Directors, at the Board's sole discretion, shall consist of an odd number of persons, but at least five (5) persons, all of whom shall: (a) be at least 18 years of age; (b) be Members in good standing for at least six (6) months prior to the date scheduled for the annual meeting and during their term as Directors; (c) be Members of the Association for at least one (1) year prior to the date scheduled for the annual meeting; (d) not have been convicted of any indictable criminal offense under Federal or State law; (e) as Directors, have attended at least two (2), of the last five (5) standing membership meetings as noted in Section 3.3 during any 12 month period; and (f) has not been removed from the Board by a vote of the Members, as provided in Section 4.5(b). Nonresident Members shall be permitted to serve on the Board, however, there shall be a maximum of two (2) nonresident Members at any time. A Director shall not be qualified to serve on the Board if the Director, or a member of his Immediate Family, is simultaneously a member of the Township Committee of the Township of Shrewsbury. No Director may serve more than seven (7) consecutive years on the Board.

Each Director is expected to: (a) sign off on all correspondence weekly; (b) sign off on all Membership applications and permits weekly; and (c) actively participate in all meetings and discussions of the Board of Directors. Consistent neglect of any of these duties shall be cause for removal pursuant to Section 4.5(a).

Section 4.2 Nomination, Election, and Term of Office.

Candidates for Director shall be nominated by any Member in good standing at the Annual Meeting in January. Directors shall be elected within 14 days, but not more than 30 days after the Annual Meeting in January of the Members at which nominations were made. Those candidates receiving the greatest number of votes shall be elected to the Board to fill the available positions. In the event of a tie between two (2) or more candidates, the remaining Directors shall appoint one (1) or more of those candidates to the Board to fill the available positions.

Each Director shall serve a three-year term. It is the intent that Directors be elected in alternate years to provide continuity on the Board. Accordingly, in any three-year cycle in which there are seven Directors, Directors A and B shall be elected at the first annual meeting, Directors C and D shall be elected at the second annual meeting, and Directors E, F, and G shall be elected at the third annual meeting. If at any time, such as when the number of Directors is reduced to five or otherwise, this term staggering shall be disturbed, it shall be corrected by awarding candidates polling the highest votes the longer term. Directors shall hold office until their respective successors have been duly elected and qualified, or until removed.

Section 4.3 Vacancies.

Any vacancies in the Board of Directors not caused by the removal of a Director by a vote of the Members shall be filled by the majority vote of remaining Directors at a special meeting of the Board held thereafter for that purpose even though the Directors present at such meeting may constitute less than a quorum. Each person so appointed shall be a Director for the remainder of the term of the Director position being filled and until the successor shall be elected and qualified. In the event the remaining Board members do not appoint a successor for a vacant Director position within 90 days after the vacancy, the President shall call special meetings of the Members to nominate and elect Directors and the Members shall elect successor Directors for the vacant position(s). If all the Director positions are vacant, a Member shall call special meetings of the Members to nominate and elect Directors for the remainder of the vacant Director terms.

Section 4.4 Resignation.

A Director may resign from the Board at any time by written notice personally delivered or sent by certified or registered mail, return receipt requested, to the President or the Secretary of the Association. Such resignation shall take effect at the time specified therein, and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. A Director who no longer is a Member shall be deemed to have resigned on the date the Director's membership terminated, whether or not written resignation is provided.

Section 4.5 Removal of a Director

(a) Removal by the Board. A Director shall be removed by the majority vote of the remaining members of the Board at a special meeting of the Board called for that purpose at any time that the Director is not qualified to serve as defined in Section 4.1 above. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

(b) Removal by the Members. Any one (1) or more Director may be removed with or without cause by the affirmative vote of a majority of Members in good standing at a special meeting of the Members called for such purpose at which a quorum is present in person, by proxy, or by absentee ballot. The Members shall elect a successor for each Director so removed either at the special meeting at which removal is made, providing

notice is given to Members, or at a subsequent special meeting of the Members held for such purpose. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting. Any Director who has been removed by majority member vote shall not be eligible to be a Director at a future date.

Section 4.6 Meetings.

All meetings of the Board of Directors shall be held at 17 Barker Avenue, Shrewsbury Township, Monmouth County, New Jersey or at such other place as may be designated by the Board of Directors. Regular meetings of the Board of Directors shall be held not less than once every calendar month. Notice of regular meetings of the Board shall be given to each Director by telephone, mail, or email at least seven (7) business days prior to the day of the meeting.

Special meetings of the Board of Directors may be called by the President when the President determines such meeting necessary, and shall be called by the President upon the written request of a majority of the Board, on three (3) business days notice prior to the meeting to each Director, by telephone, mail, or email. Notice shall state the time, place and purpose of the meeting.

All meetings of the Board of Directors, except conference or working sessions at which no binding votes are to be taken, shall be open to Members of the Association and adequate notice shall be provided to Members, however, the Board may exclude or restrict attendance at those meetings or portions of meetings dealing with: (1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; (2) any pending or anticipated litigation or contract negotiations; (3) any matters falling within the attorney-client privileges, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer; or (4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association.

Notice of a meeting need not be given to any Director who submits a signed waiver of notice whether before or after the meeting. Actual attendance of a Director at a meeting of the Board shall be an acknowledgement that the Director received notice and constitute a waiver of written notice of any follow-up meeting.

At all meetings of the Board of Directors, each director shall be entitled to one (1) vote.

Section 4.7 Quorum.

At all duly convened meetings of the Board of Directors, the presence of a majority of Directors shall constitute a quorum for the transaction of business. Presence of the majority of Directors shall be considered: 1) in-person; 2) telephonic; and/or 3) via electronic method such as Skype and/or other form of electronic communications, so long as the Directors in the quorum can orally communicate with each other. However, in the event a quorum is not present at a meeting of the Board of Directors, the monthly bills may be voted on and paid, but no other business transacted, if at least three (3) of the

following officers are present and approve the payment: President, Vice President, Secretary, and Treasurer. The votes of a majority of the Directors present and voting at a meeting at which a quorum is present shall constitute a valid decision of the Board. If at any meeting of the Board there shall be less than a quorum present, the Director(s) present may adjourn the meeting to a new date and appropriate notice shall be given to all Directors. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice to any Director.

Section 4.8 General Powers and Privileges.

The property, affairs, and business of the Association shall be managed by the Board of Directors which shall have all those powers granted to it by the Certificate of Incorporation, the Membership Certificate, these By-Laws, and by law including, but not limited to, the following:

(a) Management Supervision and Personnel. Employ, by contract or otherwise, a property manager or managing agent to oversee, supervise and carry out the responsibilities of the Board of Directors. The manager so employed or retained, shall be compensated upon such terms as the Board of Directors deems necessary and proper;

(b) Repair and Maintenance. Employ, by contract or otherwise, any person or entity to replace, repair, maintain or renovate the property of the Association or any other property within the Community, the repair or maintenance of which has been delegated to the Association and which is not listed on the "Maintenance and Member's Responsibility Guidelines";

(c) Professional Advisors. Employ, by contract or otherwise, professional counsel and obtain advice from persons or entities such as but not limited to, architects, engineers, lawyers, and accountants;

(d) Rules and Regulations. Adopt, amend, and publish rules and regulations applicable to the use and maintenance of Units, buildings, and adjacent property owned or leased by the Association, including without limitation the right to regulate, approve, restrict, and prohibit subletting of Units, and the conduct of Members, non-Member residents and their guests and invitees whenever the Board deems it advisable to do so. All rules and regulations shall be binding upon Members, non-Member residents and their guests and invitees. All new rules and regulations shall be sent to the Members within 45 days of adoption by the Board. The rules and regulations shall be provided to a Member upon issuance of a Membership Certificate. Written notice of any changes to the rules and regulations shall be provided to Members personally or by regular mail to each Member's last known address and such changes shall be binding as against the Member immediately upon personal delivery or three (3) days after being deposited in the mail;.

(e) Enforcement. Enforce obligations of Members and do anything and everything else necessary and proper for sound management, including the right to bring or defend lawsuits to enforce the terms, conditions and restrictions contained in the Membership Certificate, these By-Laws, and the rules and regulations adopted by the Board of Directors. The Board of Directors shall have the power to establish the amount and levy fines against any Member for violations of the Membership Certificate, these By-Laws, and any rules and regulations adopted by the Board of Directors. Fines shall not exceed $250.00 for a single violation, however, for each day after notice that a violation continues, shall be deemed a new violation and a new fine may be imposed. Prior to the imposition of any fine, the Member shall have been given notice and afforded an opportunity to participate in the Association's alternate dispute resolution process;

(f) Borrowing. Borrow and repay monies, give notes, mortgages or other security upon such term or terms as the Board of Directors deems necessary, however, the Board of Directors shall do so only upon the approval of a majority of the Members present in person, by proxy, by absentee ballot, or ballot by mail at a special meeting of the Members held for such purpose and at which a quorum is present;

(g) Investment and Legal Action. Invest and re-invest monies, sue and defend actions; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court, and all other powers contained herein, and those necessary and incidental thereto;

(h) Committees. Create, appoint members to and disband such committees as shall from time to time be deemed appropriate or necessary to aid the Board of Directors in the discharge of its duties, functions and powers, including but not limited to, an Admissions Committee, Alternate Dispute Resolution Committee ("ADRC"), and Architectural Control Committee. Members of committees need not be Members of the Association but, with the exception of the ADRC, may include members of the Board of Directors as chair of the committee or otherwise. The terms of committee members shall be for one-year periods and members may be appointed to an unlimited number of terms. Committee members serve at the pleasure of the Board of Directors and may be removed with or without cause at any time;

(1) Admissions Committee. In furtherance of the cooperative purposes of the Association and to assure, as far as possible, that the occupants of all Units shall be congenial and that all Members shall be reputable and financially responsible, an Admissions Committee of two (2) or more persons may be appointed, which shall include at least one (1) Director and another Member and/or employee of the Association. At least two (2) members of the Admissions Committee shall interview and consider the qualifications of proposed Members, assignees, and subtenants but in no circumstance shall the committee consider any criteria which would be considered discriminatory or a violation of state or federal law. Once the Admissions Committee has been created, no consent to the issuance of a Membership Certificate or subletting of a Unit shall be given by the Board of Directors until the Admissions Committee shall have recommended

approval of same, or until there shall have been a meeting of the Board of Directors to act on an unfavorable report of the Admissions Committee. All information received and reports by the Admissions Committee or any member of the Board of Directors (whether or not an Admissions Committee has been created) concerning a proposed Membership Certificate, assignee or subtenant, and the deliberations of the Admissions Committee and the Board shall be deemed confidential and disclosed to no person except other members of the Admissions Committee, Board of Directors or professionals in service the Association. On all applications, the only action of the Board of Directors shall be to "approve" or "disapprove" without comment. No member of the Admissions Committee or the Board of Directors shall be required to explain to any Member or proposed Member or any other person the reasons for the final admissions determination;

(2) Alternate Dispute Resolution Committee. In furtherance of the Association's obligation to provide a fair and efficient procedure for the resolution of disputes between the Association and a Member or between Members, ADRC of at least three (3) or more persons may be appointed, but such Committee must always have a odd number comprising the same. Members of the ADR Committee shall not include current members of the Board of Directors or the Immediate Family of any member of the Board of Directors. The alternate dispute resolution offered by the Association shall be mediation and shall be conducted in accordance with procedures adopted by the Board of Directors;

(3) Architectural Control Committee. In furtherance of the aesthetic appeal of the Community, an Architectural Control Committee of two (2) or more persons may be appointed. The Architectural Control Committee shall regulate the design, appearance, use and maintenance of the property, the exterior of the buildings and Units, parking areas, and landscaped areas in accordance with standards and guidelines adopted by the Board of Directors;

(i) Imposition of Reasonable Usage Fees. Impose reasonable fees against Members and other residents for the exclusive use of certain property within the Community including, but not limited to, recreational vehicle parking areas, membership meeting room, etc.;

(j) Budgeting of Operating Expenses and Fees. Budgeting of annual operating expenses for the Association and each Member's proportional share of such Management Fees and other charges in accordance with Article VI, "Fiscal Management";

(k) Collection of Management Fees and Other Charges. Imposition and collection of each Member's proportional share of Management Fees and other charges in accordance with Article VI, "Fiscal Management"; and

(l) Easements, Licenses, and Other Property Rights. Transfer, grant or obtain easements, licenses and other property rights with respect to the property in a manner not inconsistent with the rights of Members.

Section 4.9 Duties and Responsibilities.

It shall be the affirmative and perpetual obligation and duty of the Board of Directors to perform the following:

(a) Maintenance, Operation, Repair, and Replacement of Association Property. Maintain, operate, repair, replace, or renovate the Property of the Association or any other property within the Community, the repair or maintenance of which has been delegated to the Association and which is not listed on the "Maintenance and Member's Responsibility Guidelines";

(b) Personnel, Contractors, and Equipment. Evaluate, hire, pay, supervise, and discharge by employment or contract, the personnel and equipment and materials necessary to properly operate, maintain, repair, replace, or renovate the Property of the Association or any other property within the Community, the repair or maintenance of which has been delegated to the Association and which is not listed on the "Maintenance and Member's Responsibility Guidelines";

(c) Corporate Records. Cause to be kept a complete record of all its acts and corporate affairs and to present a summary report to the Members at the annual meeting or at any special meeting of the Members called for such purpose;

(d) Fiscal Management. To manage the fiscal affairs of the Association in accordance with Article VI, "Fiscal Management", and as otherwise required by the Membership Certificate and these By-Laws;

(e) Compliance With Governmental Requirements. Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Property issued or mandated by any federal, state, county or municipal authority having jurisdiction there over, or otherwise. In the event the Association incurs fines or expenses, including reasonable attorneys' fees and costs, to comply with any governmental requirement which is the responsibility of a Member, such fines and/or expenses shall be assessed against the responsible Member's account;

(f) Health, Safety, Welfare. Discharge its powers and duties in a manner that protects and furthers the health, safety and general welfare of the Members;

(g) Alternate Dispute Resolution. To provide a fair and efficient procedure for the resolution of disputes between Members and the Association and between Members that shall be readily available as an alternative to litigation; and

(h) Insurance. Place and keep in force all insurance coverage(s) required to be maintained by the Association applicable to the Property including, but not limited to, physical damage insurance, public liability insurance, directors and officers liability insurance, workers compensation insurance, vehicular liability insurance, flood insurance, water damage insurance, and other insurance as the Board of Directors may

determine is appropriate. All policies shall show the named insured as "Alfred Vail Mutual Association" and shall provide that such policies may not be canceled or changed without at least 30 days prior written notice to the Association. The Board of Directors may determine, in its sole discretion, the amount of any deductible and the responsibility for payment of same as to any policy of insurance maintained under this section. The Association shall not be required to provide any type or amount of insurance not commonly available in the normal marketplace. The premiums for any and all insurance coverage maintained by the Association shall be an operating expense of the Association. Members shall not be prohibited from carrying insurance for their own benefit provided that all policies shall contain waivers of subrogation and that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any additional insurance carried by any Member.

ARTICLE V
OFFICERS

Section 5.1 Designation.

The officers of the Association shall include a President, who shall serve as Chairperson of the Board of Directors, a Vice President, a Secretary, and a Treasurer, each of whom shall be a member of the Board of Directors. Any two (2) offices, except that of President and Vice President, may be held by one (1) person.

Section 5.2 Election.

The officers shall be elected annually by the Board of Directors at the first meeting of the Board immediately following the annual meeting. Officers shall hold office at the pleasure of the Board of Directors.

Section 5.3 Vacancies.

Vacancies in any office may be filled by a majority vote of the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 5.4 Removal.

Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, with or without cause, after an opportunity to be heard, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Removal of an officer does not result in removal of the individual from the Board of Directors.

Section 5.5 President.

The President shall: (a) act as the presiding officer at all meetings of the Association and of the Board of Directors; (b) call special meetings of the Board and of the Members

when the President deems necessary or when directed by the Board of Directors or the Members and direct the Secretary to issue notice of such meetings; (c) sign, with the Secretary or another officer designated by the Board, all contracts and other instruments on behalf of the Association when authorized by the Board of Directors; (d) perform all acts and duties required to ensure that the orders of the Board of Directors are carried into effect; and (e) have all of the general powers and duties which are usually vested in the office of President of a non-profit corporation.

Section 5.6 Vice President.

The Vice President shall: (a) perform all acts and duties ordinarily required of the President in the absence of the President; (b) present the minutes of previous meetings and submit for approval and submit correspondence for approval in the absence of the Secretary; (c) submit the bills for approval and sign, with the President or another officer designated by the Board, those checks approved by the Board of Directors, in the absence of the Treasurer; and (d) perform such other duties as shall from time to time be imposed by the Board of Directors.

Section 5.7 Secretary.

The Secretary shall: (a) attend all meetings of the Association and of the Board of Directors and take and enter the records and minutes of proceedings; (b) be responsible for affixing the Corporate Seal to such instruments as may require it and thereupon attest by signature; (c) attend to all correspondence on behalf of the Board of Directors and issue notice of meetings when directed by the Board or President or the Members to do so; (d) keep the Membership book and receive all applications for Membership; (e) keep the minute books and/or delegate authority to employees of the Association to do so for subparts (a) – (d) herein section 5.7; and (f) pursue such other duties as the Board may from time to time authorize.

Section 5.8 Treasurer.

The Treasurer shall: (a) account for such sums of money paid into the Association, disburse funds as may be ordered by the Board of Directors, take proper vouchers for such disbursements and be the custodian of all securities, contracts, leases and other important documents, except Membership Certificates, all of which shall be kept in a fireproof vault or safe; (b) keep the account of all the financial transactions of the Association, in books belonging to the Association, make full and accurate report of all matters and business pertaining to the office of Treasurer to the Members at the annual meeting and make all reports required by law; (c) render a financial report at each meeting of the Board of Directors and report on receipts and disbursements for the previous month and advise the Board of the current balance; (d) sign, together with the President or another officer designated by the Board, and pay in the regular course of business the following bills and obligations of the Association when pre-approved by the Board of Directors: salaries, mortgage and loan payments, utilities payments, taxes, professional retainer fees, and reserve transfers and submit the list of bills and obligations so paid to the Board of Directors at its regular monthly meetings; (e) submit to the Board

of Directors, at its regular monthly meeting all bills received, except those listed in subsection (d) above, so that the Board of Directors may examine each separate bill and determine whether or not payment shall be made; (f) sign, together with the President or another officer designated by the Board, all checks issued by the Association, however, the Treasurer shall not sign any check, except as listed herein, unless expressly authorized by the Board of Directors at a regular meeting or a special meeting of the Board called for such purpose; and (g) perform such other duties as may be required by the Association or as directed by the Board of Directors.

Section 5.9 Other Duties and Powers.

The officers shall have such other duties, powers, and responsibilities as shall from time to time be authorized by the Board of Directors.

ARTICLE VI
FISCAL MANAGEMENT

Section 6.1 General Operating Expenses.

The general operating expenses of the Association shall include all costs of operating and maintaining the Association, a reasonable amount for reserves, estimated amounts for bad debt, repurchase of Membership Certificates from withdrawing Members, contingencies, vacancies, and any other costs and expenses deemed necessary by the Board of Directors at its sole discretion.

Section 6.2 Management Fees and Utility Payments.

Each Member shall be obligated to pay annual Management Fees, Utility Fees and Tax Assessment to the Association as provided in the Membership Certificate and these By-Laws. The annual Management Fees and Tax Assessments for each Member shall be calculated based on the type of Unit (Type One, Type Two, and Type Three), however, all Units in each type shall have the same Management Fee obligation. The Utility Fees are calculated based on metered usage of water, and electric from each Unit and passed through to Members by the Association; however Members shall pay the Association directly for Utility Fees. The Board of Directors shall have the power and duty to collect from each Member, the Member's heirs, administrators, successors and assigns, the annual Management Fee, Utility Fees, and Tax Assessment assessed against such Member. The annual Management Fee shall be payable by each Member in 12 equal monthly payments due on the first day of each month.

Section 6.3 Annual Budget.

In carrying out the responsibilities contained in this Article, the Board of Directors shall prepare an annual budget of general operating expenses and income, and reserves, which shall be approved by a majority of the Board. The Board of Directors shall allocate each Member's share of such annual budget.

Section 6.4 Disbursements.

The Board of Directors shall take and hold the funds as collected and shall disburse same for the purposes and in the manner set forth herein and as required by the Membership Certificate, the Certificate of Incorporation, and By-Laws.

Section 6.5 Depositories.

The depositories of the Association shall be such two (2) or more financial institutions as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only upon the direction of the Board of Directors by checks signed by at least two (2) officers designated by the Board as signatories on such accounts.

Section 6.6 Accounts.

The receipts of the Association shall be Management Fees, Utility Fees, Tax Assessments, special assessments and other charges and the expenditures shall be general operating expenses and each shall be credited and charged to accounts under classifications as the Board of Directors shall deem appropriate and in accordance with advice from its financial consultant.

Section 6.7 Reserves.

The Board of Directors, in its determination of the general operating expenses and the preparation of a budget shall specifically designate and identity that portion of the general operating expenses which is to be assessed against the Members and allocated to reserves for each separate item of the capital improvements of and to the Property. The amounts assessed and collected for the reserves shall be kept in one (1) or more interest-bearing savings accounts or certificates of deposit and shall not be utilized for any other purpose other than that which was contemplated at the time of assessment.

Section 6.8 Notice of Management Fees.

Upon a majority of the Board of Director's approval of the annual budget, each Member shall be given written notice of the amount of the annual and monthly Management Fee applicable to the Member's Unit. Such notice shall be conclusively presumed to have been delivered three (3) days after deposit in the mail.

If the annual Management Fee is not revised from the previous year, or is not made as required, a Management Fee shall be presumed to have been made in the amount equal to 110% of the prior year's Management Fee and monthly installments shall be due upon each installment payment date until changed by written notice.

In the event the annual general operating expense proves to be insufficient for any reason, the budget and Management Fees may be amended at any time by the Board of Directors and written notice shall be provided to Members of any such change. Nothing herein shall prevent the Board of Directors from imposing an emergency assessment in the case

of any immediate need or emergency which cannot be met by reserve or operating funds earmarked for such contingency.

Section 6.9 Special Assessments.

In addition to the Management Fee, Utility Fee, and Tax Assessments authorized by the Membership Certificate and these By-Laws, the Board of Directors may levy, in any fiscal year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Association property, including any personal property, any unexpected services required to be provided upon the Association property, including to any personal property, or for other lawful purpose, provided that any such special assessment shall be apportioned to each Member in the same manner as each Member's Management Fees. The due date of any special assessment, or any installment thereof, shall be fixed in the resolution authorizing such special assessment and written notice shall be provided to Members of the special assessment at least 30 days before the due date of the special assessment or the first installment.

Section 6.10 Rent Receiver.

Upon an event of default by a Member as set forth in the Membership Certificate or these By-Laws, the Association shall be entitled to (by agent, in person and/or judicially appointed receiver) enter into the Unit, take possession of the Unit and manage the Unit and collect any rents, including those past due. Any rents collected by the Association and/or any receiver shall be applied first to payment of costs of management of the Unit and collection of rents, including but not limited to the receiver's fees, premiums on the receiver's bonds, and reasonable and necessary attorneys' fees and costs, and then any other indebtedness.

Section 6.11 Late Fees, Interest, and Counsel Fees.

The Board of Directors, at its option, shall have the right, in connection with the collection of any Management Fee, Utility Fee, Membership Fee, Tax Assessment, special assessment or other amount properly due from a Member, to impose a late charge of any reasonable amount and interest at the legal maximum rate permitted by law. In the event that the Board shall employ legal counsel to collect any such Management Fee, Utility Fee, Membership Fee, Tax Assessment or special assessment, or other amounts properly due from a Member, the Board of Directors may add to that amount the reasonable attorneys' fees and costs incurred by the Association in doing so.

Section 6.12 Annual Audit.

The Board of Directors shall submit the books, records, and memoranda of the Association to an annual audit by an independent certified public accountant who shall audit the same and render a report in writing. The approved audit shall be provided to any Member requesting a copy in writing to the Board.

Section 6.13 Examination of Books.

Each Member shall be entitled to examine the books of account of the Association by appointment at a reasonable time on business days; provided that the Treasurer has been given at least 10 days prior written notice.

Section 6.14 Fidelity Bonds.

Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds amounting to more than $500.00 in any one (1) year. The amount of such bonds shall be determined by the Board of Directors. The premiums on such bonds shall be paid by the Association.

Section 6.15 Signatures on Contracts, Checks, Notes, and Bonds

All contracts with a work estimated of more than Five Thousand Dollars ($5,000) shall be signed by at least two (2) officers as shall be designated from time to time by the Board of Directors. All checks, drafts, orders for payment of money, negotiable instruments, promissory notes, and bonds shall be signed by at least two (2) officers as shall be designated from time to time by the Board of Directors.

Section 6.16 Safe Deposit Boxes

Access to any safe deposit box of the Association may be made by any two (2) officers, or any one officer and an employee, as designated from time to time, by the Board of Directors for that purpose.

Section 6.17 Securities

Any officer or officers who, from time to time, shall be designated by the Board of Directors shall have the power to control and direct the disposition of any bonds or other securities or property of the Association deposited in the custody of any bank, trust company or other custodian.

Section 6.18 Distributions.

No Member shall be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the Association, to receive any distribution not out of earnings and profits of the Association.

Section 6.19 Annual Financial and Tax Deduction Statements

Upon a written request by a Member, the Association shall mail to that Member then listed on the books of the Association, a financial statement including a balance sheet (as of the end of the prior fiscal year) and a profit and loss statement (for the entire prior fiscal year), prepared and certified by an independent certified public accountant within four (4) months following the close of a fiscal year. Such financial statements shall also be mailed to any former Member who was a Member during any portion of the fiscal year

covered by the financial statement, upon the former Member's written request.

The Association shall also, within four (4) months following the close of a fiscal year, send to any Member who made a written request for the same, a statement setting forth the amount of Management Fees, Utility Fees, Tax Assessments, special assessments, and other charges paid by such Member under the Membership Certificate during such year which has been used by the Association for payment of real estate taxes and interest on mortgage or other indebtedness paid by the Association with respect to property owned by it.

ARTICLE VII
MAINTENANCE RESPONSIBILITY

Section 7.1 Association Maintenance Responsibility.

The Association shall maintain, repair, and replace all property, real and personal, which was conveyed to the Association by the Quit Claim deed and the Deed of Dedication and thereafter, and for which the Association has otherwise been delegated responsibility for maintenance, repair, and replacement except those items which have been replaced, modified or upgraded by a Member or prior Member. The Association shall have no responsibility for items of maintenance, repair, and replacement that are the responsibility of the individual Members and shall maintain, repair, and replace the following except as noted herein:

(a) Plumbing including all piping that presently exists in the buildings, such as in the walls and under the buildings;

(b) Gas hot water heaters, limited to maintenance and installation;

(c) Natural gas line for the hot water heater unless moved by the Member or prior Member;

(d) Natural gas line from the manifold to the gas shut off valve for the stove within the Unit;

(e) Electrical lines (120 volts) from the weather head to the outlets, unless upgraded by the Member or prior Member;

(f) Electrical outlets and switches unless upgraded by the Member or prior Member;

(g) Sheetrock constituting the interior ceilings and walls of Units but only to the extent that damage was caused by an item which is the maintenance responsibility of the Association (such as certain water lines and roof leaks);

(h) Subfloors of any Unit but only to the extent that damage was caused by an item which is the maintenance responsibility of the Association (such as certain water lines roof leaks and/or siding leaks);

(i) Window sash cords, weights, parting strips and original moldings;

(j) Painting of all exterior window and window frame surfaces but not storm and screen windows, storm doors, or sliding glass doors;

(k) All building exteriors including siding, roofs, chimneys (with the exception of regular cleaning), gutters, brickwork, original and unaltered porches;

(l) Original coal bins attached to the exterior of one- and two-bedroom Units but not any alterations made by a Member or prior Member;

(m) Sidewalks and walkways from the front door of Units to the common sidewalk of the court or street but not the snow removal; and

(n) Original and unaltered porches, railings and steps.

Section 7.2 Member Maintenance Responsibility.

Each Member shall maintain, repair, and replace the following property, unless it is an original piece of property from when the Association was formed, except as noted:

(a) Plumbing, including (1) all plumbing lines that attach from appliances inside the Unit, such as washing machines, dryers, dishwashers, refrigerators, etc., to the lateral serving the Unit;

(b) Appliances including those located inside the Unit, such as washing machines, dryers, dishwashers, ovens, stoves, refrigerators, etc., and those located outside the Unit but which serve the Unit exclusively or which were installed by the Member or a prior Member associated with that Unit, such as furnaces, air conditioning compressors, fuel oil tanks, etc. as well as all equipment, lines, etc. related to such appliances;

(c) Kitchen and bathroom fixtures, such as toilets, sinks, tubs, showers, faucets, etc., and associated equipment and lines located within the Unit;

(d) Gas hot water heaters, limited to the cost of replacement of the gas hot water heater, parts for repair (but not labor), consequential installation costs such removal of door frames, walls, partitions, etc.);

(e) Electrical lines (220 volts) supplying the air conditions, furnaces, or any other appliances or use;

(f) Furnace (gas and oil), fuel oil tank, fuel oil burner, including purchase, installation, repair, and maintenance, fuel oil replacement and other equipment for production and distribution of heat;

(g) Light bulbs and lighting fixtures, except AVMA outdoor light fixtures;

(h) Any item which has been upgraded by the Member;

(i) Ceiling and wall treatments on the interior of the Units such as tiles, wallpaper, textured surfaces, paint, and other decorative items;

(j) Flooring installed over the subfloor such as carpet, carpet padding, tile, wood, etc.;

(k) Window glass and storm windows;

(l) Cleaning of chimneys;

(m) Concrete/paver/wood/fauxwood porches or patios, decks or extensions installed by a Member or prior Member;

(n) Snow removal from sidewalks and walkways from any door of the Member's Unit to the common sidewalk court or street or to a shed or gate or similar installations, and from porches, patios, and decks; and

(o) Yards adjacent to each Unit including any fence, shed, or other installation in the yard.

The Association's maintenance department may offer maintenance, repair, and replacement services for certain Member obligations, however, the cost of any such services shall be charged to the Member.

Any damage caused by an item for which a Member has maintenance responsibility shall be the responsibility of the Member.

ARTICLE VIII
COMPENSATION AND INDEMNIFICATION OF DIRECTORS, OFFICERS, AND COMMITTEE MEMBERS

Section 8.1 Compensation

No Director, officer, or committee member (with the exception of a professional and independent mediator appointed to serve on the Alternate Dispute Resolution committee) of the Association shall receive any salary or compensation for services provided to the Association as a Director, officer or committee member. Notwithstanding this, Directors, officers, and committee members may be reimbursed for actual expenses incurred on

behalf of or for the benefit of the Association provided the expense was approved in advance by the Board of Directors. Nothing in this section shall prevent the provision to Directors or officers of meals, snacks, and/or non-alcoholic beverages such as coffee or soda at each duly scheduled meeting of the Board, the costs of same to be paid by the Association.

Section 8.2 Indemnification.

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

Section 8.3 Exculpability.

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

ARTICLE IX
AMENDMENTS

These By-Laws may be amended or repealed or new By-Laws may be adopted by the affirmative vote of a majority of Members in good standing voting at a special meeting of the Members called for such purpose at which a quorum of Members is present, or by ballot by mail in lieu of a meeting for which at least a quorum has responded. No amendment, repeal, or new By-Laws shall be effective until it has been recorded in the Office of the Monmouth County Clerk.

ARTICLE X
ENFORCEMENT

Section 10.1 Methods.

The Board of Directors shall have the power, at its sole option, to enforce the terms of the Membership Certificate, these By-Laws, and any rules and regulations of the Association by any or all of the following: self help; by sending notice to the offending Member or other party to cause certain things to be done or undone; by restoring the Association to

its original position and charging the breaching party with the entire cost or any part hereof; by termination of the Membership Certificate; by taking any other action before any court as may be provided by law; and/or by complaint to the duly constituted authorities.

Section 10.2 Fines.

The Board of Directors shall have the right to levy fines for violations of the Membership Certificate, these By-Laws, or any rules and regulations of the Association. The fine for a single violation may not exceed $250.00, however each day a violation continues after notice shall be considered a separate violation and a new fine may be imposed. Prior to the imposition of any fine, the Member shall have been given notice and afforded an opportunity to participate in the Association's alternate dispute resolution process.

Section 10.3 Attorneys' Fees and Costs.

In the event the Board of Directors institutes legal action against a Member for any reason, including but not limited to, collection of any Management Fee, Utility Fee, Tax Assessment, Membership Fees, special assessment, or other amount properly charged to the Member; collection of any fine; or violations of the Membership Certificate, these By-Laws, or any rule or regulation of the Association, then the Member shall be responsible for payment of the reasonable attorneys' fees and costs incurred by the Association in doing so.

Section 10.4 Waiver.

No provision in these By-Laws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XI
ACQUISITION, SALE, LEASE, OR DISPOSITION OF REAL PROPERTY

Any decision to acquire, sell, or change the use of any real property owned by the Association shall require the affirmative vote of a majority of the Members in good standing present in person, by proxy, or by absentee ballot at any meeting of the Members at which a quorum of Members is present.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Notices.

All notices to the Association shall be in writing and forwarded to it at its principal office by certified mail, return receipt requested and regular mail.

Any notice to be served upon a Member by mail shall be directed to the Member at the Member's address as it appears on the Membership Certificate unless the Member shall have filed with the Secretary of the Corporation, prior to the giving of a notice, a written request that notices intended for the Member be mailed to such other address, in which case it shall be mailed to the address designated in such request.

Section 12.2 Conflict.

Despite anything to the contrary herein, if any provision of these By-Laws is in conflict with or contradiction of the Membership Certificate or with the requirements of any law, then the requirements of the Membership Certificate or law shall be deemed controlling.

Section 12.3 Invalidity.

The invalidity of any part of these By-Laws shall not impair or affect in any manner the balance of the By-Laws.