

EXHIBIT B

AMENDED BY-LAWS OF SUN RIDGE
OWNERS ASSOCIATION

85258.04

AMENDED BY-LAWS
OF
SUN RIDGE OWNERS ASSOCIATION

ARTICLE I

Nature of By-Laws

Section 1. Purpose. These By-Laws are intended to govern the administration of Sun Ridge Owners Association (hereinafter referred to as the "Association"), a non-profit corporation organized under Title 15A of the New Jersey Statutes Annotated, and provide for the management, administration, utilization and maintenance of the Common Area located in the Sun Ridge development (the "Community").

Section 2. Definitions. Unless the context clearly indicates otherwise, all definitions set forth in the Restated Declaration of Covenants and Restrictions for Sun Ridge (the "Restated Declaration"), are incorporated in these By-Laws.

Section 3. Fiscal Year. The fiscal year of the corporation shall be determined by the Board of Trustees.

Section 4. Principal Office. The principal office of the corporation is located at 5 Sun Ridge Drive, Flemington, New Jersey 08822.

ARTICLE II

Membership And Voting Rights

Section 1. Members. Every person, firm, association, corporation or other legal entity who is a record owner or co-owner of the fee simple title to any Condominium Unit or Lot shall be a Member of the Association; provided, however, that any person, firm, association, corporation or legal entity who holds such title or interest merely as a security for the performance of an obligation (including but not limited to mortgagees or trustees under deeds of trust) shall not be a Member of the Association.

Section 2. Associate Members. Every person who is entitled to possession and occupancy of a Dwelling Unit as a tenant or lessee of an Owner may be an associate Member of the Association and shall have all of the rights of Membership specified in the Restated Declaration and these Amended By-Laws, but shall not be entitled to any vote with respect to Association matters. Wherever the Restated Declaration or these Amended By-Laws make reference to the rights or obligations of an "Owner," such reference shall not include associate Members.

Section 3. Change of Membership. Change of membership shall be accomplished by recording in the Hunterdon County Clerk's Office a deed or other instrument establishing a record title to a Condominium Unit or Lot, and delivery to the Secretary of the Association of a certified copy of such instrument. The membership of the prior owner shall be thereby terminated.

Section 4. Rights of Membership. Every person who is entitled to membership in the Association, pursuant to the provisions of the Articles of Incorporation and these By-Laws, shall be privileged to use and enjoy the Common Area subject to the terms and conditions of Article III, Section 1 of the Restated Declaration.

Section 5. Good Standing; Suspension of Rights.

- (a) A Member is in good standing and entitled to vote in person or by proxy at any meeting of the Association if, on the date 10 days prior to any meeting, a Member is (i) not in default, breach or violation of the terms, conditions, restrictions or covenants contained in the Restated Declaration, these Amended By-Laws or the Sun Ridge Rules as determined following the opportunity to have a hearing before the Covenant's Committee, if any, or the Board; and (ii) is not more than 30 days late in the payment of any installment due for assessments made or levied against the member or member's Lot or Condominium Unit by the Association pursuant to the Restated Declaration and these Amended By-Laws, together with all interest, costs, attorney's fees, penalties, fines and other expenses chargeable to the Member, or the Member's Condominium Unit or Lot. An "opportunity to have a hearing" as used in this paragraph means receipt of a notice scheduling a hearing before the Covenants Committee, if any, or before the Board, at least 10 days following the date of the notice, and a quorum of the hearing body being available on the noticed date if the responding Member desires to attend the hearing.
- (b) Any Member not in good standing 10 days prior to a meeting, will not be permitted to vote in connection with any matter coming before the membership, nor permitted to run for any elected office of the Association, nor will the Member's membership be counted in connection with the calculation of a quorum. In addition to suspension of these membership rights, which will automatically be suspended upon a member's failure to maintain his or her good-standing status, will be reinstated simultaneously with the reinstatement of the member's good-standing status. However, the reinstatement of a Member's good-standing status within 10 days of an election meeting will not reinstate the Member's right to vote or be a candidate in connection with that meeting.

Section 6. Initial Contributions Upon Closing. The Board may impose upon each Owner, upon acquisition of title to his Lot or Dwelling Unit, a non-refundable fee for membership in the Association in the amount to be determined by the Board, but not to exceed an amount equal to one-half of the Annual Assessment charged to Owners of single-family Dwelling Units upon individual Lots, which fee may be used for operating expenses, capital reserves, or any other lawful purpose. If imposed, payment of such fee shall be a condition precedent to membership in the Association. Any unpaid membership fee shall be deemed a lien on the Lot or Condominium Unit in the same manner as any unpaid Annual Assessment attributable to such Lot or Condominium Unit. The Board may reduce the amount of the contribution due upon closing under this section, or may eliminate the requirement for an initial contribution if, in the sole discretion of the Board, the Board determines that the imposition of an

initial contribution may have a negative impact upon the sale of Condominium Units or Lots within Sun Ridge. If, at any time, the Board reduces or eliminates the requirement for an initial contribution, it may reinstate it at any time thereafter if the Board determines that such charges will not negatively impact the sale of Condominium Units or Lots within Sun Ridge. In no event, will the Association be obligated to rebate initial contributions previously paid, as a result of the Board having, on one or more occasions, reduced or otherwise eliminated the requirement that initial contributions be paid.

Section 7. Votes. Owners shall be entitled to one vote for each Lot or Condominium Unit to which the Owner holds title. When more than one person holds title, the vote for each Lot or Condominium Unit shall be exercised as the co-owners among themselves determine. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote(s) shall be counted unless one or more of the other co-owners is present and objects to such vote(s); or, if not present, submits a proxy or objects in a writing delivered to the Secretary of the Association before the vote(s) are counted. If co-owners disagree as to the vote(s), the vote(s) will not be counted. Other than the election or removal of trustees, any matter requiring a vote of the Owners may be by written ballot, which may be cast without a meeting of the membership.

Section 8. Proxies. Proxies shall be permitted with respect to all elections of Trustees, and all amendments to the Articles of Incorporation, the Restated Declaration, or these Amended By-Laws, or any other matter that is to come before a meeting of the membership of the Association. All proxies must be in writing, signed by all individual Owners (or in the case of joint owners by any one of them), or by his or their duly authorized representative(s) and delivered to the Secretary of the Association, or such other person as the President may designate. A proxy will be effective only in connection with matters coming before the meeting for which it was given and any legal adjournments thereof. Proxies may be revoked at any time prior to the opening of the polls, and no proxy shall be voted on after 11 months from its date unless the proxy provides for a longer period, not to exceed three years from the date of execution. All proxies must be substantially in the form prescribed by the Board, and if not in such form, will be deemed invalid, which determination will be made in the sole and absolute discretion of the Board.

ARTICLE III

Meetings of Owners

Section 1. Place of Meeting. All meetings of the Members of the Association shall be held within the community or at such other place convenient to the Members as may be designated by the Board.

Section 2. Regular Annual Meetings All annual meetings of the Members of the Association shall be held on the day and month of the year to be established by the Board, provided that annual meetings shall generally occur not more than thirteen months following the prior annual meeting. All proxies validly received for the originally scheduled meeting shall

remain in full force and effect for any such adjourned meeting or special meeting and new proxies may be received for any such subsequent meeting.

Section 3. Special Meetings. Special meetings of Members may be called by the President whenever he or she deems such a meeting is deemed advisable, or may be called by the Secretary when so ordered by the Board, or upon the written request of Members representing not less than 25 percent of all the votes entitled to be cast at such meeting. The request must state the purpose(s) of such meeting and the matters) proposed to be acted upon. Unless Members representing at least 50 percent of all votes entitled to be cast request such a meeting, no special meeting may be called to consider any matter that is substantially the same as a matter voted upon at any meeting of the Members held during the preceding 12 months, which determination will be made in the sole and absolute discretion of the Board.

Section 4. Notice of Meeting. Except as otherwise provided by law, notice of each meeting of Members, whether annual or special, will be given not less than 10 days, nor more than 90 days before the day on which the meeting is to be held, to each Member at his last known address, by delivering a written or printed notice thereof to the Member, or by mailing such notice, postage prepaid. Every such notice shall state the time and place of the meeting and shall state briefly the purpose(s) thereof. Notice of any meeting of Members will not be required to be given except when expressly required by law. Except where otherwise expressly required by law, no publication of any notice of a meeting of Members will be required.

Section 5. Quorum and Adjourned Meetings. At each meeting of the Members, persons holding five percent of the authorized votes present in person or by proxy, shall constitute a quorum for the transaction of business except where otherwise provided by law or these By-Laws. Once a quorum has been established, the quorum will remain in effect, despite the subsequent departure or absence of one or more persons from the meeting, provided that any action of the membership is approved by at least a majority of a quorum for that meeting. In the absence of a quorum, the persons holding votes present in person or by proxy and entitled to vote, may, by majority vote, adjourn the meeting from time to time, until a quorum shall be present or represented. At any such adjourned meeting at which a quorum may be present, any business may be transacted that might have been transacted at the meeting originally called.

Section 6. Organization. At each meeting of the Members, the President, or in his absence, the Vice President, or in the absence of both of them, a person chosen by a majority vote of the Members present in person or represented by proxy and entitled to vote thereat, shall act as a chairperson, and the Secretary, or in his absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

Section 7. Voting.

- (a) Except as otherwise required by the Articles of Incorporation, the Restated Declaration, or any law, a quorum being present, a majority of votes cast, in person or by proxy, will be sufficient on those matters that are to be voted on by the members. The election of Trustees will be by ballot. Unless determined by a majority of the votes of the members present at such meeting, in person or by proxy, or determined by the chairperson of the meeting to be advisable, the vote on any other question need not be by ballot, unless expressly otherwise required pursuant to the Restated Declaration or these Amended By-Laws. If requested in writing by any Member at least 30 days prior to a meeting, any votes by ballot will be by secret ballot and will be tabulated in such a manner as to not record the name of the Owner Member in connection with the vote cast and the vote of any member will not be made available to any member of the Board. Except for the election or removal of trustees, any matter requiring the vote of the Owners may be by written ballot, which may be cast without a meeting of the membership.
- (b) Any vote permitted under these By-Laws, or pursuant to the Restated Declaration, may, at the election of the Board, be made electronically, provided that (i) the Association is able to verify that the vote is cast by a Member having the right to do so; and (ii) the ballot may be cast anonymously or, where that is not reasonably practicable, the identity of a Member and the selection indicated on any ballot will only be known to the judges of the election, which judges may not be a member of the Board and who must subscribe to an oath not to divulge the identity of, or selection indicated by, any Member. If the anonymity of an electronic ballot cannot be guaranteed, electronic voting will be permitted, provided the Members are given the option of casting an anonymous written ballot. A Member voting by electronic means will be deemed to be present at a meeting provided the Member submits a proxy as otherwise permitted under these Amended By-Laws. In that event the proxy may provide that the Members vote will be directed in the Member's electronic ballot.

Section 8. Judges. If at any meeting of the Members a vote by ballot will be taken on any questions, the chairperson of such meeting will appoint two judges to act thereat with respect to the vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of his ability. The judges will decide upon the qualifications of voters and will report the number of votes represented at the meeting and entitled to vote on the question, will conduct and accept the votes, and when the voting is completed, will ascertain and report the number of votes respectively for and against the questions; but as to the election of Trustees, the number of votes received by each candidate will be reported to the presiding officer of the meeting, but need not be reported to the membership at large. Reports of judges will be in writing and subscribed and delivered by them to the Secretary of the meeting. The judges need not be Members of the Association, and any officer or Trustee of the Association may be a judge on any question, other than a vote for or against the officer's or Trustee's election to any position with the Association or any other question in which the officer or Trustee may be directly interested.

Section 9. Order of Business. The order of business at the annual meeting of the

Members or at any special meetings insofar as practicable shall be:

- a. Call of the roll and certifying the proxies;
- b. Proof of notice of meeting and waiver of notice;
- c. Reading (unless waived) and disposal of any unapproved minutes;
- d. Appointment of judges of election, if appropriate;
- e. Election of Trustees, if appropriate;
- f. Receiving reports of officers;
- g. Receiving reports of committees;
- h. Old business;
- i. New business;
- j. Adjournment.

ARTICLE IV

Board of Trustees

Section 1. Express and Implied Powers and Duties. The property, affairs and business of the Association will be managed by the Board of Trustees, which shall have all those powers granted to it by the Restated Declaration, the Articles of Incorporation, and these Amended By-Laws.

Section 2. Number and Qualifications. The Board shall consist of five persons, each of whom must be an Owner. In no event may more than one person residing in a Dwelling Unit simultaneously be a member of the Board.

Section 3. Election and Term of Office. Trustees shall be elected by the Owners for a two-year term. At the first election occurring after the adoption of these Amended By-Laws the three trustees receiving the highest number of votes will be elected for a two-year term and the two trustees receiving the next highest number of votes will be elected for a one-year term. Thereafter, all trustees will be elected for a two-year term, it being the intention of this provision that not more than three trusteeships will be open for election at any annual meeting.

Each Trustee shall hold office until their respective successors have been duly elected and qualified, or until removed in the manner elsewhere provided. If at any meeting for election of Trustees to the Board more than twice the number of candidates to be elected at such meeting are nominated, then and in such event there shall be two ballots for membership on the Board. At the end of the first ballot, the field of nominees shall be reduced so that there are twice as many candidates as there are positions to be filled, with the persons receiving the fewest votes being eliminated from the ensuing ballot. A second ballot shall be held, and on the second ballot the persons receiving the most votes will be deemed to be elected in order to fill the vacant positions. If there are not more than twice the number of nominees for the number of positions to be filled, then there shall be one ballot, with the persons receiving the most votes being elected in order to fill the vacancies on the Board. Candidates polling the highest votes will be considered elected for the longest period of years, if applicable. Election of Trustees at

successive annual meetings shall be in accordance with this Section 3. Where any Member requests in writing, at least 30 days prior to the annual meeting, Election of Trustees will be by secret written ballot, submitted in person or by proxy at the annual meeting of the Association. No cumulative voting will be permitted. If the number of candidates do not exceed the number of Trustee positions available for election, the slate of nominees may be elected by motion approved by voice vote, which motion and vote thereon will be recorded in the minutes of the annual meeting.

Section 4. Removal of Members of the Board. At any duly held regular or special meeting of the Members, any one or more Trustees may be removed with or without cause by a majority of those Members eligible to vote for election of Trustees, and a successor may then and there be appointed by a majority of the remaining Trustees to fill the vacancy thus created; provided, however, the Trustee(s) whose removal is proposed will receive not less than seven days prior notice of the intention to vote upon removal, and will be given an opportunity to be heard at the meeting. Any Trustee who ceases to occupy a Dwelling Unit in Sun Ridge as his or her principal residence (as such term is defined under the federal income tax code, and the regulations promulgated thereunder), except as a result of a casualty rendering the Dwelling Unit uninhabitable; or is determined to not be a Member in good standing for a period of more than 30 days after being notified that he or she is not a Member in good standing, will automatically be removed as a Trustee. In the event that all of the Trustees are removed, successors shall be elected by the Members in the manner set forth in Article IV, Section 3 herein to fill the vacancies thus created. Each person so elected shall be a Trustee for the remainder of the term of the Trustee whose term he or she is filling and until his or her successor is duly elected and qualified. Any Trustee missing more than three regular meetings of the Board in a 12-month period without approval of the Board, may be removed by the remaining Trustees, in which case the vacancy will be filled pursuant to Section 5, below.

Section 5. Vacancies. Vacancies in the Board caused by any reason, other than the removal of a Trustee by a vote of the Members of the Association, shall be filled by a vote of a majority of the remaining Trustees, at any regular meeting of the Board for that purpose promptly after the occurrence of any such vacancy. Each person so elected shall be a Trustee until the next annual meeting or until the expiration of the term of the Trustee whose term is being filled, whichever occurs first. If the trusteeship is subject to election at the next annual meeting, and the annual meeting does not constitute the expiration of the term of the trusteeship filled by appointment by the Board, the Trustee elected to the trusteeship will serve only for the unexpired term. At any such election the successful candidate receiving the fewest votes will fill the unexpired term.

Section 6. Meeting of the Board: Notices: Waiver of Notice.

(a) Regular meetings of the Board may be held at such time and place as must be determined from time to time by a majority of the Board, but at least four meetings must be held each year. Notice of regular meetings of the Board will be given to each Trustee by telephone, mail, or telegram at least three days prior to the day of the meeting. Special meetings of

the Board may be called by the President on three days' notice to each Trustee given by telephone, mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board may be called by the President or the Secretary in like manner and on like notice on the written request of at least three Trustees. Any Trustees may, at any time, waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by Trustees at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

- (b) Adequate written notice of the time, place and the agenda, to the extent known, of all such open meetings shall be given by the Board to all Unit Owners and Lot Owners at least 48 hours in advance of such meeting in the manner required by N.J.A.C. 5:20-1.2(b). The Board shall also, within 30 days following the Annual Meeting of the Association, post, mail to newspapers and file with the administrator of the business of the Association a schedule of the regular Board meetings to be held in the succeeding year, as prescribed by N.J.A.C. 5:20-1.2(c) and make appropriate revisions thereto, all as required by N.J.A.C. 5:20-1.2(c)l.

Section 7. Open Meetings.

- (a) All meetings of the Board, except conference or working sessions at which no binding votes are taken, will be open to attendance by all Members, except that 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 privilege, to the extent that confidentiality is required in order for the attorney to exercise the ethical duties of a lawyer; or
 - 4. Any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association.
- (b) Minutes of the open Board meetings will be taken, and copies of minutes will be made available at the meeting following their approval by the Board. Minutes shall be taken of all executive meetings, but the minutes of such meetings shall not be available for review by the Members until such time as the matters referenced in such minutes are no longer protected under the exclusions set forth in items 1 through 4 above.
- (c) Each open meeting of the Board will provide for a period of Member comment following

the calling of the role, which period of Member comment may be limited to not more than 30 minutes in its entirety and the President or acting chairman of the meeting may place reasonable limitations upon the time given to each Member seeking to comment to allow sufficient time for all Members seeking to comment. The Board will also provide an Member comment period prior to any vote of the Board concerning: (i) the adoption of rules or regulations; or (ii) the adoption of a budget, provided that the presiding officer may, at the officer's discretion, limit the total comment period to not less than 30 minutes and may reasonably limit comments in such a manner so as to provide each Member seeking to comment with an opportunity to do so. The failure to provide an adequate comment period or opportunity for each Member wishing to comment to do so will not be a basis upon which any action otherwise properly taken by the Board may be voided.

Section 8. Quorum and Adjourned Meetings. At all meetings of the Board, a majority of the Trustees will constitute a quorum for the transaction of business and the votes of a majority of the Trustees present and voting at a meeting at which a quorum is present will constitute a valid decision. After a quorum of the Board of Trustees has been established, the quorum will remain in effect despite the subsequent departure or absence of one or more Trustees thereafter, provided that any action taken is approved by at least a majority of the required quorum. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business that may have been transacted at the original meeting may be transacted without further notice. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board on any matter.

Section 9. Joinder in Meetings by Approval of Minutes. The transaction of any business at any meeting of the Board however called and noticed or whenever held will be valid as though a meeting duly held after regular call and notice, if a quorum is present; and if either before or after the meeting, each Trustee signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof or of the resolution or act adopted at such meeting. All such waivers, consents or approval, shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

Section 10. Non-Waiver. All the rights, duties and privileges of the Board will be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

Section 11. Consent in Lieu of Meeting and Vote. Anything to the contrary in these Amended By-Laws, the Articles of Incorporation or the Restated Declaration, the entire Board of Trustees shall have the power to take action on any matter on which it is authorized to act, without the necessity of a formal meeting and vote of the entire Board, or all the Trustees empowered to act, whichever the case may be, shall consent in writing to such action.

ARTICLE V

Powers And Duties of Board of Trustees

Section 1. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board, as appropriate, to perform the following:

- a. Cause the Common Area to be maintained according to accepted standards as set forth in the Restated Declaration and including, but not limited to, such maintenance, painting, replacement and repair work as may be necessary, lawn maintenance and clearing of snow from roadways and walkways as the Board may deem appropriate. All repairs and replacements shall be substantially similar or better than the original application and installation; and
- b. To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Area. Compensation for the services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Association; and
- c. Cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing at least 21 days in advance by Members entitled to cast at least 25 percent of the total votes of the Association; and
- d. Allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Area in accordance with the provisions of these Amended By-Laws, the Restated Declaration and after damage or destruction by fire or other casualty, or as a result of the condemnation or eminent domain proceedings; and
- e. Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, and order the Board of Fire Underwriters or other similar bodies; and
- f. Place and keep in force all insurance coverage's required to be maintained by the Association as set forth in Article XIII of the Restated Declaration.

Any insurance maintained by the Board may provide for such deductible amount as the Board may determine, and the deductible shall be apportioned between the Owners and the Association as the Board, in its sole discretion, may determine in accordance with a resolution of the Board.

Owners shall not be prohibited from carrying insurance for their own benefit provided that all policies must contain waivers of subrogation; and, further provided that the liability of the carriers issuing insurance obtained by the Board will not be affected or diminished by reason of any additional insurance carried by any Owner.

- g. Manage the fiscal affairs of the Association as hereinafter provided in Article VI of these Amended By-Laws.
- h. Establish a Covenants Committee, as provided in Article X, Section 1 of these Amended By-Laws.
- i. Establish an Architectural Control Committee, as provided in Article DC, Section 1 of these Amended By-Laws.
- j. Establish such other committees as the Board may determine from time to time by adoption of a resolution of the Board. Any such committee will serve at the pleasure of the Board.
- k. All other powers that the Board may lawfully exercise, it being the intention of these Amended By-Laws to provide the Board with the broadest authority and power desirable or necessary in carrying out the duties and functions assigned to the Board or reasonably implied by these Amended By-Laws, the Restated Declaration, the Articles of Incorporate or by-law.

ARTICLE VI

Fiscal Management

Section 1. Common Receipts. The Board shall have the duty to collect from each Lot Owner and Condominium Owner, his, her, or their heirs, administrators, successors and assigns, as "Common Receipts, " the proportionate part of the Annual and Special Assessments assessed against such Lot Owner and Condominium Owner as provided in the Restated Declaration, the Articles of Incorporation, these Amended By-Laws, and in accordance with applicable law.

Section 2. Determination of Annual Assessments. The amount of monies for the Annual Assessments deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, will be a matter for the sole discretion of the Board, provided, that the Annual Assessment charged to each Lot or Dwelling Unit within a Housing Category will be in accordance with the terms of Article VII, Section 3.

Section 3. Special Assessments. Special Assessments may be assessed by the Board,

as follows:

(a) Special Assessments for Certain Items. The Board shall have the right to specially assess Owners for the cost of snow removal that exceeds that the budgeted amount and matters concerning the repair or replacement of a capital item for which the Association maintains a reserve, but where the reserve funds are inadequate to fund the cost of repair or replacement, subject to:

- (i) The affirmative vote of 4 or more members of the Board approving the special assessment, or;
- (ii) The approval of a majority of the unit Owners present at a meeting called to consider the special assessment.

(b) Other Special Assessments. In addition to the special assessments authorized in Section 3(a) of this Article, the Association, may levy, in any assessment 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 Common Areas, including the necessary furniture, fixtures, equipment, and other personal property related thereto, or other lawful purpose, provided that any such special assessment exceeding in the aggregate \$30,000.00 shall be authorized by the vote in person or by proxy of a majority of the aggregate votes held by all Members in good standing. The vote required in accordance with the preceding sentence will be conducted at a meeting duly called for such purpose, written notice of which shall be sent to all Members at least 30 days in advance and which notice must set forth the purpose of the meeting.

Section 4. Disbursements. The Board will make and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by the Restated Declaration, the Articles of Incorporation, and applicable law.

Section 5. Depositories. The depository of the Association will be a bank or banks, or other financial institutions providing a reasonably secure depository for the funds of the Association as will be designated from time to time by the Board and in which the monies of the Association will be deposited. Withdrawal of monies from such accounts shall be only checks signed by such parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Association for payment of the obligations of the Association, if the proper fidelity bond is furnished to the Association.

Section 6. Accounts. The receipts and expenditures of the Association shall be common charges respectively, and shall be credited and charged to accounts under the following classifications as the Board shall deem appropriate, all of which expenditures shall be common charges (but which may be allocated among the various Housing Categories in accordance with the benefit derived by each such Housing Category):

- (a) Current expenses for Common Area, Common Elements and, if applicable, maintenance of the exterior of the townhouse Dwelling Units, as provided in Article X, Section 2 of the Restated Declaration, which shall include expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses will not include expenditures chargeable to reserves. At the end of each year, the unexpended amount remaining in this account shall, upon adoption of a resolution with the regulations promulgated by the Internal Revenue Service, be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership, as the Board may determine.
- (b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.
- (c) Reserve for replacement, which shall include funds for repair or replacement of the capital improvements upon the Common Area and those portions of the improvements located on the Property that the Association is obligated to maintain or repair, or that is required because of damage, depreciation or obsolescence. The amounts in this account shall be allocated among each of the separate categories of replacement items.
- (d) Operations, which shall include all funds from the use of the Common Area or from any other sources. Only the additional direct expense required by any revenue producing operation will be charged to this account, and any surplus from any operation or otherwise will be used to reduce the assessments for current expenses for the year during the one in which the surplus is realized, or at the discretion of the Board, in the year following the one in which the surplus is realized. Losses from operations or otherwise will be met by amending the budget, or by Special Assessments against Lot Owners and Condominium Owners, which amendment or assessments may be made in advance in order to provide a working fund.

The Board will not be required to physically segregate the funds held in the above accounts but may, in its sole discretion, maintain the funds in one or more consolidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the Association's records.

Section 7. Reserves. The Board will not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, deferred maintenance repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Notwithstanding anything herein to the contrary, the Board in its determination of the Annual Assessment and the preparation of a budget shall specifically designate and identify that portion of the Annual Assessment that is to be assessed against the

Lot Owners and Condominium Owners as capital contribution and is allocable to reserves for each separate item of capital improvement of and to the Property and the Common Area. The amounts assessed and collected for the reserves shall be kept in one or more interest-bearing accounts, certificates of deposit or other form of investment deemed prudent by the Board in the exercise of its reasonable business judgment. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its functions.

Section 8. Notice of Annual Assessment: Special Assessment. The Board shall give notice to each Owner, in writing, and to any First Mortgagee who requests same, of the budget adopted by the Board for the management and operation of the Association for the next ensuing budget period, directed to the Owner at his last known address by ordinary mail, or by hand delivery. The notice shall be conclusively presumed to have been delivered five days after deposit in the United States mails. If an Annual Assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment, increased by 10 percent; and quarter-annual installments on such assessment shall be due upon each installment payment date until changed by an amended assessment. In the event the Annual Assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency that cannot be met by reserve funds earmarked for the contingency.

Section 9. Power of Attorney to Institutional Lender. In the event the Board does not cause the enforcement procedures provided in Articles VII and VIII of the Restated Declaration to be implemented within the time provided, any First Mortgagee for any Lot as to which there shall be such unpaid Annual or Special Assessments is hereby irrevocably granted a power or attorney to commence such actions and to invoke such other remedies, all in the name of the Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

Section 10. Annual Audit. The Board 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 thereon in writing to the Board and in summary form to the Members and the mortgage holders or other persons, firms, or corporations as may be entitled to same.

Section 11. Fidelity Bonds. Fidelity bonds shall be required by the Board from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board. The premiums on such bonds shall be paid by the Association.

Section 12. Assignment of Rent.

(a) Subject to the rights of holders of first security interests, the Association may collect from the rent due from a tenant to a delinquent Owner an amount not more than the

unpaid common expenses, late fees, interest, and costs of collection, including reasonable attorneys' fees (collectively, "charges"). "Delinquent Owner" means an Owner who owes any Annual or Special Assessment or any other charges to the Association that are 30 or more days past due.

(b) Prior to taking any action permitted by this Section, the Association will give written notice by certified mail, return receipt requested to the Delinquent Owner at the Owner's last known address of the Association's intent to collect the rent. The notice will set forth the exact amount the Association claims is due and will indicate the intent of the Association to collect the past due charges from rent, along with any other amounts that become due in the future and that remain unpaid for 30 days after becoming due, including any Annual Assessment fees lawfully accelerated pursuant to the Restated Declaration and these Amended By-Laws. A copy of the notice will also be sent to the Lot's or Condominium Unit's First Mortgagee. Any cost incurred by the Association to ascertain the identity of the First Mortgagee, including the cost of the preparation of a title search, will constitute additional charges with respect to the Lot or Condominium Unit.

(c) A Delinquent Owner will have 10 days from receipt of the notice required to be sent pursuant to paragraph (b) above to provide proof of payment or a statement of the grounds upon which the assessment is disputed. Upon the failure of the Delinquent Owner to respond within 10 days after receipt of the notice, or within 15 days of mailing if no receipt is obtained, and provided that no notice is received from the First Mortgagee that it is exercising its right of assignment of rental proceeds, the Association will be entitled to notify and direct each tenant renting a Lot or Condominium Unit from the Delinquent Owner to pay all or a portion of the rent otherwise due from the Delinquent Owner to the Association. The amount to be applied from the rent will be limited to the lesser of: (i) the amount as stated in the notice to the Delinquent Owner or, (ii) an amount adjusted to reflect any calculation errors sought to be corrected by the Owner, as stated in the response to the Association, if timely sent. No offset will be allowed for amounts, which are unrelated to claims of calculation errors. The Association will have a continuing right to collect the rent from the tenant or tenants until the delinquent charges are paid in full.

(d) Nothing in this Section will prevent an Owner or the Association from seeking a judicial remedy in a court of competent jurisdiction.

(e) This Section will not affect the right of a First Mortgagee that is entitled to an assignment of rents and which as exercised its rights by written notice recorded in the Hunterdon County Clerk's Office and such First Mortgagee may collect such rents in accordance with an assignment of rents under which it is an assignee.

ARTICLE VII

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words "Sun Ridge Owners Association".

ARTICLE VIII

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

Section 1. Compensation. No compensation will be paid to the President or the Vice-President or any Trustee, or committee Member for acting as such officer or Trustee. The Secretary and/or Treasurer may be compensated for their services if the Board determines that such compensation is appropriate. Nothing herein stated will prevent any officer or Trustee, or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association, provided however that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

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

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

ARTICLE IX

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Establishment. The Architectural Control Committee shall consist of not less than three or more than five Members with such alternate Members as the Board may deem necessary. The Board of the Association shall have the power to appoint all of the Members of the Architectural Control Committee, who shall serve at the pleasure of the Board. The members appointed to the Committee by the Board shall be from the Membership of the Association. The Architectural Control Committee shall hold meetings on an as needed basis, a quorum for such

meeting shall consist of a majority of the regular Members, and the concurrence of a majority of the regular members at a meeting shall be necessary for any decision of the Architectural Control Committee. The Board will adopt procedural rules and regulations for the performance of the duties by the Architectural Control Committee, including procedures and standards for the preparation, submission and determination of the application for any approvals required by this Restated Declaration. The Architectural Control Committee shall follow the Sun Ridge Development Standards as the standard to be used in rendering its decisions and developing its rules. Subject to the provisions of Section 3 of this Article, the decision of the Architectural Control Committee shall be final on all matters submitted to it pursuant to these Amended By-Laws. Notwithstanding the terms of this section, if a sufficient number of Owners are not willing to participate on the committee, the Board will undertake all of the functions of the committee and, in such instance, each reference to the committee in the Restated Declaration or these Amended By-Laws shall mean and refer to the Board.

Section 2. Review by Committee. No construction of a new building, structure or other improvement, nor alteration or modification to an existing Dwelling Unit or other structure whether constituting buildings, ramadas, rooms, fences, walls, canopies, awnings, roofs, devices to be mounted on roofs, exterior lighting facilities, changes in exterior paint color, or other similar improvements or attachments, shall be constructed or undertaken and no alteration of the established drainage on a Lot shall be made unless complete plans and specifications therefore have been first submitted to and approved in writing by the Architectural Control Committee. The Committee shall exercise its best judgment to the end that all such changes, improvements and alterations requested for properties within Sun Ridge conform to and harmonize with the existing surroundings, residences, landscaping and structures. The provisions of this Article and Article IV of the Restated Declaration shall apply to all Properties.

Section 3. Appeal. Any Owner or other Resident aggrieved by a decision of the Architectural Control Committee may appeal the decision to the Board in accordance with procedures to be established by the Board. Such procedures may include the requirement that the appellant has modified the requested action or has new information, which would in the Board's opinion warrant a reconsideration. If the Board, after appeal, again rules in a manner aggrieving the appellant, the decision of the Board is final. If the Board serves as the Architectural Control Committee, there shall be no right of appeal, but any aggrieved Owner may request alternative dispute resolution pursuant to Article XVII of these Amended By-Laws, following the Board's determination acting as the committee or following the Board's decision on an appeal.

Section 4. Sun Ridge Development Standards. Sun Ridge Development Standards shall be adopted by the Board of Trustees, and may be amended from time to time. The Sun Ridge Development Standards shall include written guidelines setting forth the minimum standards for the design, size, location, style, structure, color, mode of architecture, mode of landscaping and relevant criteria deemed important by the Architectural Control Committee for the construction of improvements of any nature within Sun Ridge. The Development Standards are deemed incorporated herein by reference. The purpose of the Development Standards are to

preserve and promote the character of Sun Ridge. All existing Owners and future Owners, by acceptance of a deed to any Lot or Dwelling Unit, agrees to be bound by all provisions of the Sun Ridge Development Standards and to use diligence in keeping abreast of the provisions thereof and any amendments thereto.

Section 5. Violation of Approved Plans and Right of Entry. If it is determined by the Architectural Control Committee that any work completed on any Lot or on any Common Element or within any Condominium Unit has not been completed in compliance with the final plans approved by the Committee, the Committee or the Association may notify the Owner in writing of such non-compliance within 30 days of inspection, specifying in reasonable detail the particulars of non-compliance and may require the Owner to remedy the same. The Association shall have the right to enter upon the Lot, Common Element, or Condominium Unit of any Owner and to perform compliance or remedy non-compliance as ordered by the Architectural Control Committee and the cost of such performance or remedy shall be charged to the Owner of the Lot or Condominium Unit in question, which cost shall be due within 10 business days after receipt of written demand therefore. If the Owner fails to remedy such non-compliance or to commence and continue diligently toward achieving compliance, the Association (as their interests shall appear) shall notify the Owner that it shall take action to remove the non-complying improvements and/or seek injunctive relief, recovery of costs incurred, and imposition of a fine, which fine shall not exceed 10 percent of the cost of achieving compliance.

Section 6. Non-Liability for Approval of Plans. Architectural Control Committee approval of plans shall not constitute a representation, warranty or guarantee, whether express or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Architectural Control Committee, its members, the Association, any Member thereof, nor the Board assumes any liability or responsibility therefore, or for any defect in the structure constructed from such plans or specifications. Neither the Architectural Control Committee, any of its members, the Association, nor the Board shall be liable to any Member, Owner, occupant, or other person or entity for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings, and specifications.

ARTICLE X

Covenants Committee

Section 1. Covenants Committee.

(a) Purpose. The Board may establish a Covenants Committee, consisting of not less than three nor more than five members appointed by the Board, each to serve at the pleasure of the Board, in order to assure that Sun Ridge will always be maintained in a manner:

- (1) avoiding activities deleterious to the esthetic or property values of Sun Ridge;
- (2) furthering the comfort of the Members, their guests, invitees and lessees and
- (3) promoting the general welfare and safety of Sun Ridge.

(b) Powers. The Covenants Committee will have the power to issue a cease and desist request to an Owner, his guests, invitees or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Restated Declaration, the Master Deed, these By-Laws, the Sun Ridge Rules or resolutions of the Board (upon petition of any Owner or upon its own motion). The Covenants Committee will from time to time, as required, provide interpretations of the Restated Declaration, Master Deed, Articles of Incorporation, these By-Laws, Sun Ridge Rules resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Member or the Board. Any action, ruling or decision of the Covenants Committee may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party and a vote of a majority of the full authorized membership of the Board may modify or reverse any such action, ruling or decision appeal must be filed with the Board within 25 days of the written action, ruling or decision. A final decision of the Board must be taken within 60 days of such appeal. The Board must take action at its regularly schedule meeting or at a special meeting scheduled for such purpose. The party appealing to the Board will be entitled to at least 10 days' prior written notice of the decision of the Board's action affording to such person the opportunity to be heard, with or without counsel.

(c) Authority. The Covenants Committee shall have the additional duties, powers and authority as set forth in the Covenant's Enforcement Procedures set forth in Schedule "A" to the By-Laws, as the same may, from time to time, be amended by the adoption of a resolution by the Board. The Covenant's Committee will have the right to impose fines pursuant to Article V, Section 2(1) of the Restated Declaration. The Board may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case by case basis by vote of a majority of its full authorized membership thereof. The Covenants Committee will carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board. If the Board does not establish a Covenant's Committee, it will carry out the duties and responsibilities of the covenant's Committee as set forth in the Restated Declaration, Master Deed, these By-Laws and Schedule "A".

ARTICLE XI

Additions, Alterations or Improvements by The Association

Whenever, in the judgment of the Board, the Common Areas require improvements in addition to what then exists within Sun Ridge, costing in excess of \$50,000.00, the improvements will not be made unless they have been approved by a majority of votes present in person or by proxy at a meeting of the Members at which a quorum is present. When the approval has been obtained, all Members benefiting from same shall be assessed their pro rata share of the cost thereof as an Annual Assessment. In the event of any emergency, which could cause damage to any Building or part(s) thereof, the Board may expend sums in excess of \$50,000.00 to protect the said Building or part(s) and the judgment of the Board shall be final. Nothing in this Article will be deemed to require approval by the membership in connection with the maintenance, repair or replacement of an existing capital improvement, provided that, in the case of replacement, it is substantially similar to the improvement being replaced, subject to such modifications as are required as a result of modifications in any building code or other law or regulation applicable to the replacement.

ARTICLE XII

Enforcement

The Board has powers of enforcement with respect to the terms of the Restated Declaration, these Amended By-Laws and the Sun Ridge Rules will be as set forth in Article VIII, Section 1 of the Restated Declaration.

ARTICLE XIII

Amendments

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

(i) By the affirmative vote of 80 percent of the full Board of Trustees, provided the Board publishes the amendment to all Owners, who may reject the amendment if 25 percent or more of the Owners object, in writing, to the amendment within 30 days of the notice being sent. If 25 percent or more of the Owners object, in accordance with this provision, the amendment will not pass. Otherwise, the amendment will be effective immediately after the 30th day of notice being sent to Owners and its subsequent recording with the Hunterdon

County Clerk's office.

(ii) By the vote or written consent of at least a majority of a quorum of the record Owners, with a quorum for this purpose being not less than fifty percent 50 of the Members in good standing, and such an amendment shall be effective upon its recordation in the Hunterdon County Clerk's Office.

(b) The Board of Trustees may amend the Amended By-Laws upon approval by a vote of 80 percent of the fully constituted Board, solely when necessary to render these Amended By-Laws in compliance with any applicable law as set forth in a written opinion issued by the Association's attorney, but only to the extent necessary to render the Amended By-Laws complaint. An amendment will be effective upon its recordation in the Hunterdon County Clerk's Office. Any amendment adopted under this provision will be distributed to the Owners within 30 days of receipt of the recorded amendment, provided, however, that the failure to distribute will not render the amendment ineffective or void.

ARTICLE XIV

Conflict; Invalidity

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

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

ARTICLE XV

Notice

Any notice required to be sent to any Member under the provisions of the Restated Declaration, the Articles of Incorporation or these Amended By-Laws shall be deemed to have been properly sent and notice thereby given, when mailed, by regular post with postage prepaid, addressed to the Member at the last known post office address of the person who appears as a Member on the records of the Association at the time of such mailing. Notice to one of two or more Owners of a Lot or Condominium Unit shall constitute notice to all Owners of that Lot or Condominium Unit. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Valid notice may also be given to Members by (i) personal delivery to any occupant of a Dwelling Unit over 14 years of age or (ii) by affixing said notice to or sliding same under the front door of any Dwelling Unit.

ARTICLE XVI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice-President, both of whom shall be members of the Board, a Secretary and a Treasurer. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in its judgment may be necessary. Any two offices, except that of President and Vice-President, may be held by one person. Officers need not be members of the Board.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board of Trustees meeting following each annual meeting and such officers shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the full number of Trustees, any officer may be removed, either with or without cause, after opportunity for a hearing, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. Duties and Responsibilities of Officers.

(a) The President will be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties, which are usually vested in the office of President of an association.

(b) The Vice-President will take the place of the President and perform the duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board will appoint some other Trustee to so do on an interim basis. The Vice-President will also perform such other duties as shall from time to time be imposed by the Board.

(c) The Secretary will keep the minutes of all meetings of the Board and the minutes of all meetings of the Members of the Association; will have charge of such books and papers as the Board may direct; and will, in general, perform all the duties incident to the office of the Secretary.

(d) The Treasurer will have the responsibility for the custody of Association funds and securities and will be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer will be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be authorized by the Board.

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

Section 6. Eligibility of Trustees. Nothing herein contained will prohibit a Trustee from being an officer.

ARTICLE XVII

Alternative Dispute Resolution

Section 1. Designation of Method of ADR. In the event any dispute arises between the Association and an Owner or between Owners with respect to a matter described in paragraph (b) of this Article, the Association, through the Board of Trustees, will offer alternative dispute resolution ("ADR") prior to the commencement of litigation or, where litigation is commenced, as soon as the Board of Trustees receives notice of any litigation involving a matter described above. The Board of Trustees may satisfy the obligation described in this Article by offering any of the following methods of ADR:

- (a) Mediation by a qualified third-party mediator designated by the Board of Trustees;
- (b) Non-Binding arbitration by a qualified third-party arbitrator designated by the Board of Trustees;
- (c) Binding arbitration by a qualified third-party arbitrator designated by the Board of Trustees;
- (d) Mediation by a person or persons who are not specifically trained in mediation, but who have expertise in community association matters and who have not personal interest in the matter in dispute and who are not Owners. Persons who would qualify under this provision include persons who are Members of the Board of Trustees or Trustees for a community association other than Sun Ridge.
- (e) Mediation by such other person as the Board of Trustees may designate, including a person who is an provided that all parties to the dispute consent to the designation of such a person.

Section 2. When ADR is to be Offered. Whenever the Board reasonably determines that a dispute exists between the Association and any Member of the Association, or between Members of the Association that relates to: (a) the use of a Lot or Condominium Unit; or (b) an interpretation of the use restrictions, rules or regulations contained in the Restated Declaration, these Amended By-Laws and Sun Ridge Rules with respect to the use of the Lot or Condominium Unit, the use of the Common Area or the permitted behavior of a Member or resident of Sun Ridge, and the Board reasonably concludes, with or without the advice of its

attorney, that the dispute may result in litigation, the Association will offer a method of dispute resolution as set forth in paragraph A above.

Section 3. Notice of Acceptance. No member of the Board of Trustees may act as a mediator or arbitrator. Following the Board's determination to offer ADR under this Article, the Board will provide notice to all parties to the dispute by personal delivery, regular U. S. mail or certified U. S. mail, return receipt requested. The notice shall advise the parties to the dispute of the method of dispute resolution selected by the Board of Trustees and shall provide a response form indicating whether the person involved in the dispute accepts or rejects the method of dispute resolution from sub-paragraphs (a) through (e) above and one or more persons involved in the dispute reject the offer of alternative dispute resolution, the Board of Trustees will have satisfied its obligation under this Article and will have no further obligation. If the Board selects a method of dispute resolution utilizing subparagraph (e) above, and one or more persons involved in this dispute rejects the offer of dispute resolution, the Board shall offer an additional method of dispute resolution in the same manner as provided above. The notice advising an Owner of the designation of a method of ADR will provide that the Owner must accept the Board-designation method within a specific time period, but in no event less than 10 days following the date of the letter offering ADR. Whenever the expiration date falls on a Saturday or Sunday or legal holiday, the expiration date will be the following business day. If an Owner does not agree to participate in the ADR method offered by the Board on or before the expiration date, the Owner will be deemed to have rejected the offer.

Section 4. Scheduling of ADR. Upon receipt of acceptance of a designated method of ADR from all necessary and indispensable parties to a dispute, the Association will offer not less than two alternative dates and times for the ADR procedure. At least one of the alternate dates and times will be during non-business hours (other than 9:00 a. m. to 5:00 p. m., Monday through Friday) to accommodate the working schedules of the participants. The location of the ADR procedure will be on the grounds of the Association or at a location reasonably convenient to the participants. The notice of the alternate dates and times for ADR will provide that if a recipient does not respond within a specified time period, but in no event less than five days from the date of the notice, the non-responding participant will be deemed to have rejected ADR. If the response from the participants does not indicate a mutually acceptable date and time for ADR, the Association will make one attempt to obtain a date and time reasonably acceptable to the participants, but if unsuccessful in that attempt, will have no further obligation under this Article.

Section 5. Participation by the Board. If any dispute that is subject to ADR pursuant to this Article includes the Association as a participant in the dispute, not less than one member of the Board will be present at the ADR hearing, and the Board will make available such employees or agents of the Association that are necessary participants in order that the Association fully participate in the ADR process. If the method of ADR selected is a form of mediation and the dispute involves the Association as a party, the Board will authorize the attending members of the Board to have the power and authority to act on behalf of the Board, but may impose reasonable limitations on the authority and power granted.

Section 6. Procedures. The ADR hearing is intended to be an informal process, despite the form of ADR mechanism chosen. As a result, technical rules of evidence will not apply, provided, however, that the person presiding over the ADR proceedings may require the administration of oaths and may exclude irrelevant, immaterial or unduly repetitious testimony or evidence. Any party to an ADR proceeding may, but is not required to, be represented by an attorney. The person presiding over the ADR process will determine all other procedures applicable to the hearing, including the length of the hearing, the order of presentation and, where appropriate, whether additional hearing dates are required or desirable in order to resolve the dispute. The person presiding over the ADR procedure may also, prior to the ADR hearing, request the parties to produce documentary evidence that the presiding person believes to be helpful or irrelevant to resolving the dispute.

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

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

ARTICLE XVIII

Immunity

In accordance with N.J.S.A. 2A:62A-13, the Association will not be liable in any civil action brought by or on behalf of an Owner to respond to damages as a result of bodily injury to the Owner occurring on the Common Area or within a Lot or Condominium Unit. This grant of immunity from liability will not be effective if the Association causes bodily injury to an Owner by its willful, wanton or grossly negligent act of commission or omission.

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