

Sample Park” Bylaws Establishing Homeowners Association Corporation

BY-LAWS OF “SAMPLE PARK” HOMEOWNERS ASSOCIATION

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ARTICLE I

NAME AND LOCATION OF ASSOCIATION

The name of the Association is "Sample Park" Homeowners Association. Its principal office is located at "Sample Park", Anytown, New Jersey.

ARTICLE II

PURPOSE, POWERS AND DUTIES

The purpose of this Association is to provide its stockholders with housing and community facilities, if any, on a nonprofit basis consonant with the provisions set forth on its Certificate of Incorporation.

a. The Cooperative may contract, sue, or be sued, with respect to the exercise or non-exercise of its powers. For these purposes, the powers of the Cooperative include, but are not limited to, the maintenance, management, and operation of the property. The Cooperative may institute, maintain, settle or appeal actions or hearings in its name on behalf of all members concerning matters of common interest, including, but not limited to: the common property; structural components of a building or other improvements; mechanical, electrical and plumbing elements serving the property; and protests of ad valorem taxes on commonly used facilities. The Cooperative may be joined in an action as representative of a class with reference to litigation and disputes involving the matters for which the Cooperative could bring a class action. Nothing herein limits any statutory or common-law right of any individual member or class of members to bring any action which may otherwise be available.

b. The powers and duties of The Cooperative include those set forth in this section, in sections 6 and 9 of the Mobile Home Park Private Residential Leasehold Communities Act, N.J.S.A. 46:8C-2 through 46:8C-21, and in the articles of incorporation and bylaws and any recorded declarations or restrictions encumbering the property, if not inconsistent with the provisions of this act.

c. The Cooperative has the power to make and collect assessments and to lease, maintain, repair and replace the common areas upon purchase of the property.

d. The Cooperative shall maintain financial records in accordance with generally accepted accounting standards and principles. The records shall be open to inspection by Cooperative members or their authorized representatives at reasonable times, and written summaries of such records shall be supplied at least annually to the members or their authorized representatives. The failure of the Cooperative to permit inspection of its accounting records by members or their authorized representatives entitles any persons prevailing in an enforcement action to recover reasonable attorney's fees from the person in control of the books and records who, directly or indirectly, knowingly denied access to the books and records for inspection. The records shall include, but not be limited to:

(1) A record of all receipts and expenditures.

(2) An account for each member, designating the name and current mailing address of the member, the amount of each assessment, the dates on which and amounts in which the assessments come due, the amount paid on the account, and the balance due.

e. The Cooperative has the power to purchase, acquire, hold, lease, mortgage and convey any proprietary interest in or affecting the land of the cooperative.

f. The Cooperative shall use its best efforts to obtain and maintain adequate insurance to protect the Cooperative and the property upon purchase of the private residential leasehold community. A copy of each policy of insurance in effect shall be made available for inspection by members at reasonable times.

g. The Cooperative has the authority, without the joinder of any member, to modify, move, or create any easement for ingress and egress, or for the purpose of utilities, if the easement constitutes part of or crosses the property upon purchase of the property. This subsection does not authorize the Cooperative to modify or move any easement created in whole or part for the use or benefit of anyone other than the members, or crossing the property of anyone other than the members, without the consent or approval of such person as required by law or the instrument creating the easement. Nothing in this subsection affects the rights of ingress or egress of any member of the Cooperative.

ARTICLE III

MEMBERSHIP

Section 1. Eligibility. Any natural person approved by the Board of Directors shall be eligible for stock ownership (hereinafter referred to as membership) provided that he or she executes an Occupancy Agreement and all other Closing Documents as required by the Association.

Section 2. Application for Membership. Application for membership shall be in accordance with procedures prescribed by the Board of Directors.

Section 3. Members. The members shall consist of persons who have been approved for membership by the Board of Directors and who have paid for their membership, received his/her membership certificate and who have executed all Closing Documents required by the Association. Joint Membership shall only be allowed between a husband and wife as recognized by the State of New Jersey. The authorized membership of the Association shall consist of no more than sixty-three (63) regular memberships.

Section 4. Membership Certificates. Each membership certificate shall state that the Association is organized under the laws of the State of New Jersey, the name of the registered holder of the membership represented thereby, the Association lien rights as against such membership and the preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to full payment. Every membership certificate shall be signed by the President or Vice-President, and the Secretary, and shall be sealed with the corporate seal.

Section 5. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an

affidavit of that fact by the person claiming the share certificate to be lost or destroyed. When authorizing such issuance thereof, require the registered owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Association.

Section 6. Lien The Association shall have a lien on the outstanding regular memberships in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever; including any sums due under any occupancy agreements.

Section 7. Transfer of Membership. Except as provided herein, membership shall not be transferable.

- (a) Letting and Subletting of Members' Units. Members must occupy and may neither assign nor sublet their dwelling unit or any other rights specified under the Occupancy Agreement, except that the Board of Directors under emergency or unusual circumstances may approve subleases. No sublease agreement may exceed a time period greater than one year within any two year period unless expressly approved by the Board of Directors. Any unauthorized subleasing shall, at the option of the Association, result in the termination and forfeiture of the member's ownership and rights under the Occupancy Agreement.
- (b) Death of a Member. If upon the death of a member his/her membership in the Association passes by will or intestate succession to a spouse or child (children) who is listed as a resident on the most recent recertification and who is also of legal age in the State of New Jersey, such legatee or distributee may by assuming in writing the terms of the Occupancy Agreement and all qualifications, Rules and Regulations of the Association within thirty (30) days after member's death, and paying all amounts due thereunder, become a member of the Association. If a member dies and member obligations are not assumed in accordance with the foregoing, then the Association shall have an option to purchase the membership from the deceased member's estate in the manner provided in paragraph (c) of this Section, written notice of the death being the equivalent to notice of intention to withdraw. If membership passes by will or intestate distribution to person(s) other than a spouse or child (children) the Association may elect to purchase the membership within thirty (30) days of receiving actual notice of the member's death. Upon the death of a member who has joint ownership in the Association as allowed in Section 3 of this Article, the membership shall automatically transfer to the living spouse.

(c) Option of Association to Purchase. If the member desires to move out, he/she shall notify the Association in writing of such intention sixty (60) days in advance of the desired termination date. The Association shall have an option for a period of thirty (30) days thereafter, but not an obligation, to purchase the membership, together with all of the member's rights as an owner and those rights with respect to the dwelling unit, at the amount to be determined by the Association as representing the transfer value thereof, less any amounts due by the member to the Association under the Occupancy Agreement, less the cost or estimated cost of all deferred maintenance and such repairs and replacements as are deemed necessary by the Association to place the property in suitable condition for another occupant. The purchase by the Association of the membership will immediately terminate the member's rights and the member shall forthwith vacate the premises.

(d) Procedure where Association does not Exercise Option. If the Association waives its right to purchase the membership under the foregoing option, or the Association fails to exercise such option within the thirty (30) day period, the member may sell his membership to any person who has been duly approved by the Association as a member and occupant. If the Association agrees, at the request of the member, to assist the member in finding a purchaser, the Association shall be entitled to charge the member a fee it deems reasonable for this service. When the transferee has been approved for membership and has executed all Closing Documents required by the Association, the retiring member shall be released of his obligations to the Association provided he/she has paid all amounts due the Association to date. The member is responsible for all carrying charges and other applicable charges for the unit occupied until termination of membership as specified in the foregoing Section has been fully executed. The sale or transfer of membership by a retiring member or beneficiary may only be executed by the Association.

Section 8. Sales Price. Memberships may be sold by the Association or the member only to a person approved by the Board of Directors in accordance with the requirements of the By-laws, Rules and Regulations of the Association.

ARTICLE IV MEETING OF MEMBERS

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first meeting of the Association Membership shall be in MONTH, YEAR. Thereafter, the annual meetings of the Association shall be held in May on a date to be set by the Board in each succeeding year. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section 3 of Article V of the By-Laws. The members may also transact such other business of the Association set forth in Section 9 of this Article.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by twenty (20) percent of the members (presently 10 members) having been presented to the Secretary of the Board of Directors. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of a majority of the members present, either in person or by proxy.

Section 4. Notice of Meeting. It shall be the duty of the Secretary of the Board of Directors to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership book of the Association at least fourteen (14) days prior to such meeting and the posting in a conspicuous place on the property of a notice at least 14 days prior to the meeting. Service may also be accomplished by the hand delivery of such notice to the member at his dwelling unit. Notice by either such method shall be considered as notice served. The Secretary shall provide an affidavit affirming that the notices were posted and mailed or hand delivered in accordance with the provisions of this section to each member at the address last furnished to the Cooperative. These meeting requirements shall not prevent members from waiving notice of meetings or from acting by written agreement without meetings.

The Secretary shall mail a meeting notice and copies of the proposed annual budget of expenses to the members not less than 30 days prior to the meeting at which the budget will be considered. The members shall be given written notice of the time and place at which the meeting of the board of directors or trustees to consider the budget will be held. The meeting shall be open to all members.

Section 5. Quorum. The presence of at least 50% plus one member of record of the Association shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at the meeting drops below the quorum and the questions of a lack of a quorum is raised, no business may thereafter be transacted. Decisions shall be made by a majority of members represented at a meeting at which a quorum is present; provided, however, that any decision to acquire the private residential leasehold community shall only be made by not less than two-thirds of all the members and any decision to convert the private residential leasehold community to a condominium or cooperative or other form of ownership following its acquisition by the Cooperative shall only be made by not less than a majority vote of all of the members of the s' Cooperative.

Section 6. Adjourned Meetings. If any meeting of members cannot be convened

because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than fourteen (14) days which subsequent meeting the quorum requirement shall be twenty (20) percent (10) members.

Section 7. Voting. At every meeting of the regular members, one member per unit, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. The vote of the majority of those present, in person or by proxy, shall decide any questions brought before such meeting, unless the question is one upon which, by express provision of statute or of the Certificate of Incorporation or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. No member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books of the Association to be more than thirty (30) days delinquent in payments due the Association or any other violations under his/her Occupancy Agreement.

Section 8. Proxies. Any member in good standing, as specified in Section 7 of this Article, shall have the right to appoint as his/her proxy a designated person at any annual or special meeting. Proxies shall specifically relate to those issues and items of business for which the proxy is appointed with the business office of the Association at least three days but not more than seven days prior to the annual or special meeting in question. Proxies are to be signed by the member and witnessed. Original copies of each proxy must be filed with the Secretary of the Board before the appointed time of each meeting. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the member executing it.

Section 9. Order of Business. The order of business at all annual meetings of the members shall be as follows;

- .(a) Roll call.
- .(b) Reading of minutes or preceding meeting.
- .(c) Reports of professionals
- .(d) Reports of officers.
- .(e) Reports of committees.
- .(f) Election of inspectors of election.
- .(g) Election of Directors.
- .(h) Unfinished business.
- .(i) New business.
- .(j) Adjournment.

In the case of special meetings, items (a) and (b) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of meeting.

ARTICLE V

DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom shall be members of the Association.

Section 2. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers of the Board of Directors shall include but not be limited to the following:

.(a) To accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project, either directly or through an authorized representative.

.(b) to establish carrying charges as provided for in the Occupancy Agreement, based on an operating budget formally adopted by such Board. Carrying charges shall be payable monthly on the first of the month as further provided by Resolution of the Board of Directors. Carrying charges shall be assessed in amounts not less than are required to provide funds in advance for payments of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred.

(c) To engage an agent or employees for management of the property under such terms as the Board may determine.

.(d) To terminate Membership and Occupancy rights for cause.

.(e) To promulgate such rules and regulations pertaining to use and occupancy of the premises as may be deemed proper and which are consistent with these By-Laws and the Certificate of Incorporation.

.(f) to own the record interest in the property and be responsible for the operation of property; provided, however, that if the Cooperative converts the private residential leasehold community to a cooperative, an election shall be held within 30 days following the establishment of the cooperative to elect a board of directors of the cooperative.

(g) to authorize the purchase, sale transfer, financing, refinancing, mortgaging or encumbering of the property, negotiate for, acquire, and operate the private residential leasehold community on behalf of the members in accordance with the laws of the State of New Jersey.

(h) to convert the private residential leasehold community, once acquired by the members, to a condominium, a cooperative, or other type of ownership.

Section 3. Election and Term of Office. The term of the Directors named in the

Certificate of Incorporation shall expire when their successors have been elected at the first annual meeting or any special meeting called for that purpose. At the first annual meeting of the members the term of Office of three Directors shall be fixed for three (3) years. The term of office of one Director shall be fixed at three (3) years, the term of office of two Directors shall be fixed at two (2) years, and the term of two Directors shall be fixed at one (1) year. At the expiration of the initial term of office of such respective Directors, their successors shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and held their first meeting.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term.

Section 5. Removal of Directors. At any annual or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the entire membership of record and a successor may then be elected to fill the vacancy thus created. A special meeting of the Cooperative membership to recall a member or members of the board of directors may be called by 10 per cent of the members giving notice of the meeting as required for a meeting of members, and the notice shall state the purpose of the meeting.

Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who (a) becomes more than thirty (30) days delinquent in payment of his/her carrying charges shall be automatically suspended with no voting rights, and after sixty (60) days shall be automatically terminated if the arrearage has not been rectified, and the remaining Directors shall appoint his/her successor as provided in Section 4 of this Article. Any Director absent without being excused by the President for three consecutive regular, annual and/or special meetings will automatically be terminated and the remaining Directors will appoint his/her successor.

Section 6. Compensation. No compensation shall be paid to Directors or Committees for their services as Directors or Members.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place shall be fixed by the Directors at the meeting at which such Directors were elected, and no additional notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held on the dates scheduled as set forth in a Resolution adopted by the Board. Meetings of the board of directors shall be open to all members of the cooperative, and notice of meetings shall be posted in a conspicuous place upon the property at least 48

hours in advance, except in an emergency. Notice of any meeting in which assessments against members are to be considered for any reason shall specifically contain a statement that assessments will be considered, and of the nature of those assessments.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Corporate handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, a Vice-Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Treasurer, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the

members of the Board of Directors, any officer may be removed, with cause and his/her successors elected at any regular meeting of the Board of Directors, or at any special meeting of the Board for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the members of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of a Association, including but not limited to the power to appoint committees from among the membership from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice-President. The Vice President shall take the place of the President and perform their 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 of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall verify the keeping of the minutes of all meeting of the Board of Directors and the minutes of all meeting of the members of the Association; The Secretary shall have custody or appoint a designated person to have custody of the seal of the Association; shall have charge of the stock transfer books and of such other books and papers as the Board by direct, and shall, in general, perform all the duties incident to the office of Secretary. Minutes of all meetings of members and of the board of directors or trustees shall be kept in a businesslike manner and shall be available for inspection by members, or their authorized representatives, and board members at reasonable times. The Cooperative shall retain these minutes for a period of not less than seven years.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall verify the keeping of full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall verify that all corporate funds and other valuable effects are properly deposited in the name and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Vice-Secretary. The Vice-Secretary shall assist the Secretary and perform the duties of the Secretary in his or her absence.

ARTICLE VII

AMENDMENTS

These By-Laws may be amended by the affirmative vote of the majority of the members of record attending a duly constituted annual or special meeting of the

Association. Amendments may be proposed by the Board of Directors or by a petition signed by at least twenty (20) percent of the membership of the Association. A description of any proposed amendment(s) shall accompany a notice of any annual or special meeting at which such proposed amendment is to be voted upon.

ARTICLE VIII

CORPORATE SEAL

The Board of Directors shall provide a suitable seal containing the name of the Association, which seal shall be in charge of the Secretary as specified in Article VII Section 6.

ARTICLE IX

FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except that the first fiscal year of the Association shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate, but not without the prior written approval of the Administration.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with the Generally Accepted Accounting Principles. That amount of the carrying charges required for payment on the principal of the mortgage of the Association or any other capital expenditures shall be credited upon the books of the Association to the "Paid-in Surplus" account as a capital contribution by the members.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by a Certified Public Accountant whose report will be prepared and certified as required by the Board of Directors. Based on such reports, the Association will furnish its members with an annual financial statement (Balance Sheet and Income Statement) of the Association. The Association will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each member's pro rata share of the real estate taxes and mortgage interest paid by the Association during the preceding calendar year.

Section 4. Inspection of Books. Financial reports and the membership records of the Association shall be available at the principal office of the Association for inspection at reasonable times by any members.

Section 5. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the Association by either the President or the Vice President, and all checks shall be executed on behalf of the Association by (1) either the President or

the Vice President, and countersigned (2) by either the Secretary or Treasurer.