

HUNTERDON WOODS COMMUNITY ASSOCIATION, INC.

BY-LAWS

**ARTICLE I
Name and Address**

Section 1.01 Name. The name of this association shall be **HUNTERDON WOODS COMMUNITY ASSOCIATION, INC.** (the "Association").

Section 1.02 Address. The office of the Association shall be at the place to be designated by the Board of Directors, subject to transfer upon notice to the Members of the Association.

**ARTICLE XI
Applicability**

Section 2.01 Applicability. These By-Laws shall be applicable to the Association. In accordance with the terms of the Declaration of Covenants, Conditions and Restrictions of **HUNTERDON WOODS COMMUNITY ASSOCIATION, INC.** (the "Declaration"), all present and future Owners shall be Members of the Association and all Owners and any other person who shall be permitted to use the Community Facilities shall be subject to these By-Laws and to any rules and regulations adopted from time to time by the Board of Directors. Ownership, rental or occupancy of any Lot in the Property shall be conclusively deemed to mean that the Owner, tenant or occupant has accepted, ratified and will comply with these By-Laws and any rules and regulations of the Association.

**ARTICLE III
Purpose**

Section 3.01 Association Purposes. The purpose of the Association is to provide for the management, maintenance, repair and replacement of the Community Facilities. This Association does not contemplate pecuniary gain or profit to its Members.

ARTICLE IV
Definitions and Interpretation

Section 4.01 Definitions. Unless it is plainly evident from the context that a different meaning is intended, the terms used herein shall have the same meanings as provided in the Declaration.

Section 4.02 Interpretation. In the event of a conflict of interpretation between the provisions set forth in these By-Laws and the Declaration, the Declaration shall govern. In the event that the Internal Revenue Code is hereafter amended or changed, both the Declaration and these By-Laws shall be interpreted in a manner which conforms to the provisions of the Internal Revenue Code with respect to non-profit entities, it being the intention to preserve the status of the Association as a bona-fide non-profit entity.

ARTICLE V
Membership

Section 5.01 Membership. Membership in the Association shall be limited to (i) the Owners or collective co-Owners of Lots subjected to this Declaration and (ii) the Declarant. Votes in the Association are allocated among the Members pursuant to the Declaration.

Section 5.02 Affirmative Vote. Except as otherwise provided herein or in the Declaration, the passage of any decision or resolution shall occur upon the affirmative vote of at least a majority of the Members, either in person or by proxy, who are in good standing and entitled to vote. If any vote shall be taken at an annual or special meeting, a quorum of the Members is required either in person or by proxy. Cumulative voting shall not be permitted.

Section 5.03 Membership List. Not less than thirty (30) days prior to the date of any annual or special meeting of the Association, the Secretary shall compile and maintain, at the principal office of the Association, an updated list of Members and their last known post office addresses. The list shall also show opposite each Member's name the address of the Lot(s) he owns. The list shall be revised by the Secretary to reflect

changes in the ownership of Lots occurring prior to the date of the annual or special meeting. The list shall be open to inspection by all Members and other persons lawfully entitled to inspect the list during regular business hours up to the date of the annual or special meeting. The Secretary shall also keep current and retain custody of the minute book of the Association which shall contain the minutes of all annual and special meetings of the Association and the Board of Directors and all resolutions of the Board of Directors (the "Minute Book").

Section 5.04 Proxies. Votes may be cast by written proxy or by ballot. Written proxies may be submitted by United States mail or delivered to the office of the Association or delivered directly to the Secretary of the Association. A proxy vote shall be defined as a written vote submitted by a Member which either states the specific vote of the Member with respect to the issues, resolutions or election being voted on by the Members at the annual or special meeting or which is written permission for the Board of Directors or a specific Director to exercise the Member's vote(s) as the Board of Directors or the specific Director sees fit. To be valid, proxies must be duly executed by the Member or the appropriate person whose name appears on file with the Association.

Section 5.05 Quorum. Except as otherwise provided in these By-Laws, the presence, either in person or by proxy, of twenty percent (20%) of each class of Members at the beginning of any annual or special meeting shall constitute a quorum. If any meeting of Members cannot be organized because a quorum has not attended, the Members present may adjourn the meeting from time to time, without notice other than announcement at the meeting, to a time not less than forty-eight (48) hours from the time the original meeting was called until a quorum as aforesaid shall be present or represented.

ARTICLE VI Meetings of Members

Section 6.01 Place of Annual and Special Meetings. All annual and special meetings of the Association shall be held at a suitable and convenient place fixed by the Board of Directors from time to time and designated in the notices of the meetings.

Section 6.02 Date of Annual Meetings. Annual meetings of the Members shall be held each year on a date as shall be fixed by the Board of Directors. The Members may transact any business which may properly come before the meeting.

Section 6.03 Notice of Annual Meetings. The Secretary shall mail notices of annual meetings to each Member directed to his last known post office address, as shown on the records of the Association, by regular mail, postage prepaid. This notice shall be mailed not less than ten (10) nor more than thirty (30) days before the date of the meeting and shall state the date, time and place of the meeting, the purpose or purposes thereof and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these By-Laws. In lieu of mailing notice as herein provided, notice may be delivered by hand to the Members or left at their residences in their absence.

Section 6.04 Special Meeting. It shall be the duty of the President to call a special meeting of the Members in the following situations: (a) the holding of elections of Directors pursuant to the terms of Section 7.02; (b) whenever he is directed to do so by resolution of the Board of Directors; or © upon presentation of a petition signed by thirty percent (30%) of either class of Members to the Secretary stating the specific purpose of the special meeting.

Section 6.05 Notice of Special Meetings. The Secretary shall mail or deliver notice of any special meeting of the Association to each Member in the manner provided in Section 6.03 of these By-Laws. The notice shall state the same items required by Section 6.03 of these By-Laws for notices of annual meetings. No business shall be transacted at any special meeting except as stated in the notice thereof unless by consent of two-thirds (2/3) of each class of Members present at the special meeting, either in person or by proxy.

Section 6.06 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Approval of the minutes of the preceding meeting
- (c) Reports of officers and committees.

- (d) Election of Directors, if applicable.
- (e) Unfinished business.
- (f) New business.
- (g) Adjournment.

ARTICLE VII
Board of Directors

Section 7.01 Number of Directors. The affairs of the Association shall be governed by a Board of Directors consisting of three (3) Directors. The initial Directors or their successors shall be appointed by Declarant and shall serve until their successors take office. Upon the replacement of all Declarant-appointed Directors pursuant to Section 7.02, the Board of Directors shall be comprised of three (3) Directors who shall be Owners of Lots, elected by the Owners at a special or annual meeting of the Association. Each Director, other than Directors appointed by the Declarant, shall be an Owner of a Lot. In any election of Directors, the nominees receiving the highest number of votes shall be the Owners elected to the Board of Directors.

Section 7.02 Term of Directors and Compensation.

(a) Within sixty (60) days after the date that seventy-five percent (75%) of the lots are conveyed to Owners, the Board of Directors shall call a meeting (the "First Election Meeting") for purposes of electing one (1) Owner to replace one (1) Director appointed by Declarant. This elected Director shall serve until the next annual meeting of the Association which is at least one (1) year after the First Election Meeting, at which time this Director may be re-elected or his successor elected for a two (2) year term.

(b) Within sixty (60) days after the date that one hundred percent (100%) of the Lots are conveyed to Owners, the Board of Directors shall call a meeting (the "Transitional Meeting") for purposes of electing (2) Owners to replace the remaining two (2) Directors appointed by Declarant. These two (2) newly-elected Directors shall serve until the next annual meeting of the Association following the annual meeting at which

time the one (1) Owner-Director elected pursuant to paragraph (a) above is to be reelected or replaced.

(c) Subject to paragraph (a) above, the Owners who are elected to be Directors shall all serve two (2) year terms with one (1) Director being re-elected or replaced in one year and two (2) Directors being reelected or replaced in the next year. Each Director shall continue to hold office until his successor is elected.

(d) The Directors shall serve without compensation.

Section 7.03 Nominations to Board of Directors. Owners may be nominated for election to the Board of Directors in one of the following ways:

(a) A Director shall be deemed to have been nominated for re-election to the position he holds by signifying his intention to seek re-election in a writing addressed to the Board of Directors.

(b) An Owner who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election upon his filing with the Board of Directors a written petition of nomination bearing the genuine signatures of at least five (5) other Owners.

Section 7.04 Vacancy on Board of Directors. Except as provided in Section 7.01 hereof with respect to Directors appointed by the Declarant, if the office of any Director shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor who shall serve for the unexpired term of the Director he is replacing. In the event that there shall be a deadlock in the voting for a successor by the remaining Directors, the one (1) Director with the longest continuous term on the Board shall select a successor. At the expiration of the term of his position on the Board of Directors, the replacement Director shall be re-elected or his successor shall be elected in accordance with Section 7.01 of these By-Laws.

Section 7.05 Removal of Directors. Subject to the right of the Declarant to nominate and elect Directors as set forth in

Section 7.01 hereof, Directors may be removed, with or without cause, by a majority vote of each class of Members at any special meeting of the Members of which notice has been properly given as provided in these By-Laws; provided the same notice of this special meeting has also been given to the entire Board of Directors, including any individual Director whose removal is to be considered at this special meeting.

Section 7.06 Organizational Meeting of the Board of Directors. No later than twenty (20) days following the First Election Meeting, the Transitional Meeting and each annual meeting of the Association, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers and transaction of other business. Notice of this meeting shall be given to all Directors in accordance with Section 7.08 of these By-Laws, except for the meeting following the First Election Meeting which shall be called by the Director receiving the highest number of votes.

Section 7.07 Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Board of Directors or by written consent of all of the Directors.

Section 7.08 Regular Board of Directors Meetings. Regular meetings of the Board of Directors may be held at any time and place permitted by law as from time to time may be determined by the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by telegram, telephone or by United States mail, with postage prepaid, directed to him at his last known post office address, as the same appears on the records of the Association, at least five (5) but not more than thirty (30) days before the date of the meeting. This notice shall state the date, time, place and purpose of the meeting.

Section 7.09 Special Board of Directors Meetings. Special meetings of the Board of Directors may be called by the President of the Association on three (3) days' written notice to each Director, given in the same manner as provided in Section 7.08 of these By-Laws. Special meetings of the Board of Directors shall be called by the President or the Secretary of the Association in like manner upon the written request of any two (2) Directors.

Association and in addition to those powers and duties set forth in the Declaration, the Board of Directors shall have the powers and duties, including, but not limited to, the following:

(a) Duties:

(i) Each Director individually and the Board of Directors collectively shall perform the duties of the Board of Directors in good faith as a fiduciary of the Association, in a manner which the Director believes to be in the best interest of the Association and with the care of a person of ordinary prudence under similar circumstances, including, but not limited to, reasonable inquiry, skill and diligence.

(ii) Provide for the operation, maintenance, management, insurance, cleaning, sanitation, renewal, replacement, care and upkeep of the Community Facilities and all property, real or personal, of the Association.

(iii) Determine the Common Expenses and Limited Charges and assess the same against the Owners in accordance with the provisions of the Declaration and these By-Laws.

(iv) Levy **and** collect, in addition to regular Assessments and Limited Charges, special Assessments in amounts which the Board of Directors deems proper, whenever the Board of Directors is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies.

(v) Use and expend any sums collected from regular and special Assessments for the operation, maintenance, renewal, care and upkeep of the Community Facilities.

(vi) Maintain the Community Facilities at a level of maintenance which approximates that which existed at the time of the Transitional Meeting.

(vii) Maintain a reserve fund out of regular Assessments adequate for the periodic maintenance, repair and replacement of the Community Facilities.

(viii) Pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Owner or otherwise properly chargeable to the Owner.

(ix) Establish operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting practices.

(x) Adopt a budget for each fiscal year which shall contain estimates of the costs and expenses of the Association, including, but not limited to, the following items:

A. Common Expenses which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of the Community Facilities and any and all other expenses related to the operation thereof, including, but not limited to, common utility services, casualty and liability insurance, professional management expenses, administrative and office expenses, reserves and the costs associated with the administration of the Association;

B. Reasonable amounts to be credited, allocated or accumulated for reserves for replacement of those Community Facilities which require replacement, renovation or rehabilitation periodically; and

C. Proposed Assessments against each Lot for the calendar year.

Copies of the proposed budget and proposed Assessments shall be distributed to all Members at least thirty (30) days prior to the beginning of each fiscal year and shall be available to all Members for inspection during regular business hours at the Association's office. If the budget is subsequently amended before the Assessments are made, a copy of the amended budget shall also be distributed and made available for inspection. Subject to the provisions of Section 7.14(a)(iv), nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time and in its sole discretion, to levy a special Assessment in the event that the budget as originally adopted shall appear to be insufficient to pay the

cost of the operation or management of the Property or in the event of emergencies.

(xi) Cause a complete review of the books and accounts of the Association to be made by a competent independent public accountant at the end of each fiscal year and at any other time or times deemed necessary.

(xii) Maintain accounting records in accordance with generally accepted accounting principles.

(xiii) Enforce compliance with the Declaration.

(b) Powers:

(i) Enter into a contract for professional management of the Property and the Association, at a price and upon the terms determined by the Board of Directors, to perform those duties and services which the Board of Directors may lawfully delegate. However, any management contract shall not be for a term in excess of two (2) years and shall provide for termination by either party with or without cause on ninety (90) days' written notice thereof to the other.

(ii) Employ or retain and receive advice from professional counsel and consultants, including, but not limited to, landscape architects, architects, engineers, planners, biologists, lawyers and accountants, which the Board of Directors may deem necessary for any proper purposes of the Association, and to fix the compensation for professional advice or services, including, but not limited to, those hereinbefore or hereinafter referred to in these By-Laws. The Board of Directors shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (i) one or more officers or employees of the Association whom the Board of Directors reasonably believes to be reliable and competent in the matter presented; (ii) counsel, public accountants or other persons as to the matters which the Board of Directors reasonably believes to be within the professional or expert competence of this person; and (iii) a committee of the Board of Directors duly designated in accordance with law, as to matters within its designated authority, which committee the Board reasonably believes to merit confidence. The

Board of Directors shall not be considered to be acting in good faith if it or any Director has knowledge concerning the matter in question that would cause this reliance to be unwarranted.

(iii) Establish depositories for the funds of the Association with the bank or banks as shall be designated from time to time by the Board of Directors and in which monies of the Association shall be deposited. Withdrawal of monies shall be only by check signed by those persons who are authorized by the Board of Directors to sign checks on behalf of the Association.

(iv) Sell, lease, transfer or otherwise convey real and personal property owned by the Association by deed, lease or bill of sale executed by the appropriate officers of the Association, with the approval of at least sixty-seven percent (67%) of the votes.

(v) Do all things incidental and necessary to the accomplishment of the above.

The duties and powers imposed on the Board of Directors by this Section 7.14 shall not be amended so as to reduce or eliminate any duties or powers of the Board of Directors without the affirmative vote of at least eighty percent (80%) of the votes.

ARTICLE VIII Officers

Section 8.01 Officers. The officers of the Association shall be a President, Secretary and Treasurer. The Secretary may be eligible to hold the office of Treasurer. The President shall be a Director. The Treasurer and Secretary need not be Directors.

Section 8.02 Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting held pursuant to Section 7.06 of these By-Laws and shall hold office until their successors are elected or appointed by the Board of Directors; provided that each officer shall hold office at the pleasure of the Board of Directors and may be removed, either with or without cause, and his successor elected by the affirmative vote of a majority of the Directors at

any annual or special meeting of the Board of Directors called for that purpose. The Board of Directors may, from time to time, appoint other officers which, in its judgment, are necessary. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Association. Any resignation shall take effect as of the date of the receipt of this notice or any later time specified therein; unless specified therein, the acceptance of this written resignation shall not be necessary to make it effective.

Section 8.03 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to that office.

Section 8.04 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Board of Directors. He shall have the general powers and duties usually vested in the office of the president of a community association, including, but not limited to, the power to appoint committees from the Membership, from time to time, as he may deem appropriate to assist in the conduct of the affairs of the Association. He shall execute deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when these documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another officer or agent of the Association.

Section 8.05 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and record all votes and the minutes of all meetings and proceedings, including resolutions, in the Minute Book. He shall perform the same duties for any committees when required. He shall have charge of the Minute Book, the records of the Association and any papers which the Board of Directors shall direct him to keep; shall perform all duties incident to the office of Secretary, including, but not limited to, the sending of notice of meetings to the Members, the Directors and members of any committees, and shall perform any other duties which may be prescribed by these By-Laws or by the Board of Directors or the President. He shall also have custody of the corporate seal and shall affix the same to any instrument requiring it when authorized by the Board of Directors and shall attest the same

'when appropriate. The Secretary shall keep, or cause to be kept, at the principal office of the Association, a membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all Members; the Lot as to which each membership relates; and (d) the number of memberships held by each Member.

Section 8.06 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies, checks and other valuable effects in the name of and to the credit of the Association in those depositories which may be designated from time to time by the Board of Directors. He shall disburse the funds of the Association, as he may be ordered to do from time to time by the Board of Directors or by the President, and shall render to the President and the Directors at the regular meetings of the Board of Directors, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Association. Nothing shall prohibit the functions of the Treasurer to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by the agent.

Section 8.07 Compensation. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

**ARTICLE IX INDEMNIFICATION OF DIRECTORS,
OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES**

Section 9.01 Limitation of Liability. A Director of this Association shall not be personally liable for monetary damages as such for any action taken, or any failure to take action, unless the Director has performed in such a manner as to constitute self-dealing or willful misconduct. This provision shall not apply to the responsibility or liability of a Director pursuant to any criminal statute or the liability of a Director for payment of taxes pursuant to local, State or Federal law.

Section 9.02 Indemnification and Payment of Expense.

The Association shall indemnify any Officer or Director (or employee or agent designated by majority vote of the Board of Directors to the extent provided in such vote) who was or is a party or is threatened to be made a party whether civil, criminal, administrative or investigative (including derivative actions) by reason of the fact that he or she is or was a Director or Officer (or employee or agent) of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding. Indemnification pursuant to this section shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. Expenses incurred by an Officer, Director, employee, or agent purportedly indemnified by this section in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final deposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Association. The indemnification and advancement of expenses provided by, or granted pursuant to, this Section shall, once granted, continue as to a person who has ceased to be a Director, Officer, employee or agent of and shall inure to the benefit of the heirs, executors and administrators of such person. The Board of Directors is authorized to obtain directors and officers liability insurance and/or to create a fund to secure or insure its indemnification obligations set forth hereunder.

ARTICLE X

Association Books and Records

Section 10.01 Association Books and Records. The Board of Directors shall make available to the Owners current copies of the Declaration, these By-Laws, any rules and regulations adopted pursuant thereto and the books, records and financial statements of the Association. For purposes of this paragraph, "available" shall mean available for inspection, upon request, during normal business hours at the office of the Association or the office of the manager of the Association.

ARTICLE XI
Dissolution and Termination

Section 11.01 Distribution of Assets Upon Dissolution and Termination of the Association. Upon dissolution of the Association and termination of the Declaration, as provided in Section 15 of the Declaration, the real and personal property of the Association shall become the assets of the Members, who are Members at the time of the dissolution, as tenants-in-common.

ARTICLE XII
Miscellaneous

Section 12.01 Fiscal Year. The fiscal year of the Association shall be the calendar year unless the Board of Directors shall determine otherwise.

Section 12.02 Amendments to By-Laws. Except as otherwise provided herein, these By-Laws may be amended from time to time by the affirmative vote, in person or by proxy, of at least fifty-one percent (51%) of the votes. No amendment shall be made to these By-Laws while the Declarant owns any Lot in the Community so as to affect or change any power granted to the Declarant without the prior written consent of the Declarant.

Section 12.03 Inspection of By-Laws. The Association shall keep in its principal office the original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members during normal business hours.

Section 12.04 Membership Minutes. The membership register and the Minute Book shall be open to inspection upon demand of any Member during the normal business hours of the Association, for purposes reasonably related to his interest as a Member.

Section 12.05 Construction. Number and gender as used in these By-Laws shall extend to and include both singular and plural and all genders as the context and construction require.