

Lots 4-22 in Block 326.107; Lots 1-14 in Block 326.106; Lots 9-16 in Block 326.104 and Lots 9-13 in Block 326.105 (the "Lots"); and

WHEREAS, Declarant desires to provide for the permanent maintenance of open space areas consisting of a forest preservation area and a portion of Holly Lake, and to this end desires to subject all of the Property hereinafter described to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are hereby declared to be for the benefit of said Property and each and every owner of any and all portions thereof; and

WHEREAS, Declarant has deemed it advisable to create an entity to which shall be delegated and assigned the power and authority to maintain and administer the Common Property, to administer and enforce the covenants and restrictions governing the Common Property, and to collect and disburse all Common Expense assessments and charges necessary for such maintenance, administration, and enforcement, all as hereinafter defined and provided; and

WHEREAS, Declarant has caused or will cause to be incorporated under the laws of the State of New Jersey, a not-for-profit corporation known and designated as The Holly Lake Homeowners' Association, Inc. (the "Association") as the entity to perform the functions aforesaid, all of which are hereinafter more fully described.

NOW, THEREFORE, Declarant declares that the Property is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, and obligations

ARTICLE I
Definitions

The following words and terms, when used in this Declaration, the Certificate of

Incorporation or the By-Laws of the Association, shall have the following meanings:

- (a) "Association" shall mean and refer to The Holly Lake Homeowners' Association, Inc., a New Jersey not-for-profit corporation, its successors and assigns.
- (b) "Board" or "Board of Trustees" shall mean and refer to the Board of Trustees of the Association.
- (c) "By-Laws" shall mean and refer to the By-Laws of the Association, a copy of which is attached as Exhibit C of this Declaration, together with all future amendments thereto.
- (d) "Certificate of Incorporation" shall mean and refer to the Certificate of Incorporation of The Holly Lake Homeowners' Association, Inc., a copy of which is attached as **Schedule B** of this Declaration, together with all future amendments thereto.
- (e) "Common Expenses" shall mean and refer to these expenses which are incurred by the Association in fulfilling its lawful responsibilities.
- (f) "Common Property" shall mean the premises designated as lot 30 in block 326.108 and lot 42 in block 326.103 shown on the Overall Development Plan attached hereto as Exhibit A, together with all facilities thereon, on any other real or personal property owned by the Association.
- (g) "Date of Commencement" shall mean and refer to the date upon which the Declarant, its successors or assigns, shall convey to the Association all of the Common Property.
- (h) "Declarant" shall mean and refer to Edge Builders LLC, a New Jersey Limited Liability Company its successors and assigns.
- (i) "Declaration" shall mean and refer to this Declaration of Covenants and Restrictions, together with any amendments or supplements thereto.

(j) "Final Plat - Major Subdivision" shall mean and refer to each final plat major subdivision for each Section of the Property prepared and filed according to law, which presently includes the Final Plats for Phase 1 and 3, and when filed, will include the Final Plats for Phases 2 & 4 of the Overall Development.

(k) "Lot" shall mean and refer to any individual residential building lot shown on a Final Subdivision Plat of the Property. At the time of the filing of this Declaration with the office of the Ocean County Clerk, the term Lot shall mean and refer to each of the following Lots: Lots 1-3 in Block 326.107; Lots 1-17 in Block 326.103; Lots 1-8 in Block 326.105; Lots 1, 17, 18 and 19 in Block 326.104; Lots 4-22 in Block 326.107; Lots 1-14 in Block 326.106; Lots 9-16 in Block 326.104 and Lots 9-13 in Block 326.105. In the event that this Declaration is recorded against any of the other individual residential building lots within the Overall Development, those lots will be included with the term Lot.

(l) "Member" shall mean and refer to all those Lot Owners who are members of the Association.

(m) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee-simple title to any Lot.

(n) "Permitted Mortgage" shall mean and refer to any Mortgage that is held by an Institutional Lender or which is a purchase money First Mortgage held by the Declarant or by the Seller of a Lot. It shall also include any other Mortgage, the lien of which, by the express terms of the Mortgage, is subordinate to any and all existing or future Common Expense liens imposed against a Lot by the Association. Any construction, permanent or other mortgage placed or assumed by the Declarant and encumbering all or any portion of the Property, including any individual Lot, or a purchase money Mortgage held by the Declarant which is

subordinate to this Declaration or provides for the release of individual Lots from the lien of such Mortgage(s), shall also be deemed a Permitted Mortgage.

(o) "Property" shall mean and refer to all of Lots together with the Common Property. In the event that this Declaration is recorded against other portions of the Overall Development, those additional lands will be included within the term "Property."

ARTICLE II

Property Subject to this Declaration

Section 1. Subject Property. The Property is hereby expressly made subject to this Declaration and shall be held, transferred, sold, conveyed, leased and occupied subject to this Declaration.

Section 2. Additions to the Property. Declarant, at Declarant's discretion, may subject all or a portion of the Overall Development to this Declaration provided that such is done within twenty (20) years from the date that this Declaration is recorded. Despite the foregoing, however, under no circumstances shall the Declarant be required to make such additional land subject to the Declaration. However, any additional land which is made subject to the Declaration shall thereupon and thereafter be included within the term Property as used in this Declaration, and any building lots therein, will be included within the definition of Lots as used in this Declaration. Declarant will not need the consent or approval of either the Association or any of its members or any mortgagees holding mortgages on any of the Lots, to make the additional lands subject to the Declaration. In the event that Declarant adds additional lands to the Declaration, Declarant reserves the right to alter the lot configuration depicted on Schedule A or to alter the type of housing offered by Declarant. The determination of the restrictions to be applicable to the additional lands shall be within the sole discretion of Declarant, being memorialized in an amendment to the Declaration. Declarant may make the additional lands

subject to the Declaration by filing with the Ocean County Clerk's office an amendatory Declaration(s) which need only be executed by Declarant. The contents of said amendatory Declaration(s) is to rest sole within the discretion of Declarant.

Section 3. Title to Common Property. Declarant may retain the legal title to the Common Property until such time as, in the judgment of the Declarant, the Association is able to maintain same. Despite any provisions herein to the contrary, the Declarant hereby covenants for itself; its successors and assigns, that it shall convey to the Association all of the Common Property not later than five (5) years from the date of the recording of this Declaration and that until the conveyance to the Association of such Common Property, the Declarant will maintain at its expense all of such Common Property to which it retains title.

Section 4. Extent of Members' Easements. Subject to the provisions of this Declaration, the Certificate of Incorporation, the By-Laws and the rules and regulations of the Association and any amendments thereto (collectively the "Governing Documents"), every Member shall have a right and easement of enjoyment in and to the Common Property and such easement shall be appurtenant to and shall pass with the title to every Lot. The rights of enjoyment created hereby shall be subject to the right of the Association to dedicate or transfer all or any part of the Common Property to any municipal, county, state, federal or other public agency, authority, or utility, for such purposes and subject to such conditions as may be agreed upon by the Members, provided that no such dedication, transfer, or determination as to the purposes of or as to the conditions of such dedication or transfer shall become effective unless such dedication, transfer and determination as to purpose and conditions thereof shall be authorized by the vote in person or by proxy of two-thirds (2/3) of all of the votes eligible to be cast by all of the members of the Association, and unless written notice of the proposed

resolution authorizing such action is sent to every Member at least ninety (90) days in advance of the scheduled meeting at which such action is taken. A true copy of such resolution together with a certificate of a result of the vote taken thereof shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication of transfer affecting the Common Property, prior to the recording thereof in the office of the Ocean County Clerk. Such certificate shall be conclusive evidence of authorization by the membership.

Section 5 Miscellaneous Easements. The following easements are also hereby established:

(a) A blanket, perpetual and non-exclusive easement in, upon, over, across and through the Common Property for the purpose of the installation, maintenance, repair and replacement of all sewer, drainage, water, power and telephone pipes, lines, mains, conduits, waters, poles, transformers, master television antennas or cable television facilities and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility system serving the Property, which easement shall be for the benefit of the Declarant, or any governmental agency or utility company which requires same for the purpose of furnishing one or more of the foregoing services.

(b) A blanket and non-exclusive easement in, upon, through and over the Common Property for the purpose of construction, installation, maintenance and repair of any improvements on the Lots or Common Property, and for ingress and egress thereto, which easement shall be for the benefit of the Declarant, its successors and assigns who shall be engaged in the construction, development and sale of residential dwelling units on the Property.

(c) A blanket, perpetual and non-exclusive easement of unobstructed ingress

and egress in, upon, over, across and through the Common Property to the Township of Little Egg Harbor, County of Ocean, the Association, their respective officers, agents and employees and all policemen, firemen, and ambulance personnel in the proper performance of their respective duties.

(d) All other easements shown on the Final Plat – Major Subdivision or other notice of record or otherwise permitted by this Declaration.

ARTICLE III

Common Expense Assessments

Section 1. Creation of the Lien. Every Owner by acceptance of a deed or other conveyance for a Lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association such sums, by way of annual or special Common Expense assessments or charges as authorized and set forth in the By-Laws. Each such Common Expense assessment, together with such interest thereon and cost of collection thereof (including reasonable attorney fees), shall be a continuing lien upon the Lot against which each such Common Expense assessment is made and shall also be the personal obligation of the Owner of such Lot at the time when the Common Expense assessment fell due. In the event that the Association should at any time fail to discharge its obligations to maintain any portion of the Property as required by this Declaration or to enforce the provisions hereof, the Township of Little Egg Harbor shall have the right to so maintain the Property or to enforce such provisions in the name, place and stead of the Association. The assumption of such maintenance responsibility shall be in accordance with the procedures set forth in N.J.S.A. 40:55D-43(b). The cost of same shall be assessed, enforced and collected in accordance with the provisions of N.J.S.A. 40:55D-43(c).

Section 2. Purpose of Common Expense Assessments. The Common Expense

assessments levied by the Association shall be used exclusively for promoting the health, safety, pleasure and welfare of the owners of Lots and costs and expenses incident to the operation of the Association, including, without limitation, the maintenance and repair of the detention basins, landscaping and the entry signs, if any, located on the Common Property, the payment of all taxes and insurance premiums, and all costs and expenses incidental to the operation and administration of the Association and its facilities and services.

Section 3. Amount of Common Expense Assessments. It shall be an affirmative obligation of the Association and its Board of Trustees to fix Common Expense assessments in an amount sufficient to maintain and operate the Common Property and to pay all taxes thereon. Such Common Expense assessments shall be borne equally among all Lots. In the event the Association does not pay the real estate taxes due on the Common Property, if any, the Township of Little Egg Harbor shall have the right to collect one one-hundred forty-eighth (1/148th) of the said unpaid taxes directly from each Lot Owner.

Section 4. Date of Commencement of Annual Common Expense Assessments and Due Dates. The annual Common Expense assessments provided for herein shall commence on the Date of Commencement and shall be due and payable on such dates as may from time to time be prescribed by the Board. If, after the Date of Commencement, the Declarant still retains title to unsold Lots, the Declarant shall not be obligated to pay to the Association the annual Common Expense assessment herein described for any unsold Lots.

Section 5. Subordination of the Common Expense Lien to Mortgages. The lien of the Common Expense assessments provided for herein shall be subordinate to any lien for past due and unpaid taxes and the lien of any Permitted Mortgage(s) now or hereafter placed upon any Lot (except for a sum equal to six (6) monthly installments), provided, however, that such

subordination shall apply only to the Common Expense assessments which have become due and payable prior to a sale or transfer of any such Lot pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve any such Lot from liability for any Common Expense assessments thereafter becoming due, nor from the lien of any such subsequent Common Expense assessment.

If a holder of a mortgage of record or other purchaser of a Lot obtains title to such Lot as a result of foreclosure of such Permitted Mortgage(s) (or by a deed of conveyance in lieu thereof), such acquirer of title, his successors and assigns shall not be liable for the Common Expense assessments by the Association pertaining to such Lot or chargeable to the former Owner thereof which became due prior to acquisition of title as a result of the foreclosure. Such unpaid Common Expense assessments shall be deemed to be Common Expenses collectible from all of the remaining Lot Owners including such acquirer, his successors and assigns.

Liens for unpaid Common Expense assessments may be foreclosed by and brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. A suit to recover a money judgment for unpaid Common Expense assessments may be maintained without waiving the lien securing same.

ARTICLE IV

Miscellaneous Services Authorized

Section 1. Services which may be Performed at the Option of the Declarant. The Declarant shall have the right to provide such facilities on the Common Property as it considers to be advantageous to the Common Property and to the Lot Owners, and the Association shall be obligated to accept such facilities and to properly maintain the same at its expense.

ARTICLE V
General Provisions

Section 1. Duration. This Declaration shall run with and bind all of the Property, and shall inure to the benefit of and be enforceable by the Association, and the Owners of any portion of this Property, their respective successors, assigns, heirs, executors, administrators, and personal representatives, from the date this Declaration is recorded in the Office of the Ocean County Clerk, in perpetuity.

Section 2. Notice. Any notice required to be sent to any Member or Lot Owner under the provisions of the Governing Documents shall be deemed to have been properly sent, and notice thereby given, by regular mail, postage prepaid, addressed to the Member or Lot Owner 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 co-Owners of a Lot shall constitute notice to all co-Owners. It shall be the obligation of every Member or Owner to immediately notify the Secretary of the Association in writing of any change of address.

Section 3. Enforcement. Enforcement of this Declaration shall be by any appropriate proceeding in law or equity in any court or administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any provision herein contained, either to restrain or enjoin such violation or threatened violation or to recover damages, and against the land of any Member to enforce any lien created by this Declaration, and failure by the Association of any Owner or Member to enforce any covenant or restriction herein contained for any period of time, shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same. Should either the

Association or any of its Members at any time fail to enforce the provisions hereto the Township of Little Egg Harbor, upon thirty (30) days notice to the Association, shall have the right to institute appropriate legal proceedings in the name of the Association to effect such enforcement.

Section 4. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof such judgment shall not affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

Section 5. Amendment. This Declaration may be amended at any time after the date hereof by a vote of at least two-thirds (2/3) of all Lot Owners at any meeting of the Association duly constituted for such purpose and previous to which written notice to every Lot Owner of the exact language of the Amendment shall have been, sent at least thirty (30) days in advance, provided however, no amendment may be effected which would permit (i) the Association or any Lot Owner to be exempted from the payment of any Common Expenses or (ii) any action otherwise prohibited by Article XI of the By-Laws and provided further, that in no event may the Common Property be conveyed to any third person, firm or corporation, without the express consent, by ordinance, of the governing body of the Township of Little Egg Harbor or County of Ocean (or such municipal corporation as may then have zoning and subdivision control jurisdiction over the Common Property).

Section 6. Certificate of Incorporation and By-Laws of the Association. All the provisions of the Certificate of Incorporation and By-Laws of the Association are hereby incorporated by reference.

Section 7. Declarant's Power of Attorney. Declarant hereby reserves for itself its successors and assigns, for a period of seven (7) years from the date the first Lot is conveyed to an individual purchaser, or until Declarant conveys title to the last Lot, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, mortgagees, other lien holders or parties claiming a legal or equitable interest in the Association, any such agreements, documents, amendments or supplements to the above described documents which may be so required by any Institutional Lender, governmental or quasi-governmental agency or title insurance company.

(a) Appointment. By acceptance of a deed to any Lot or by the acceptance of any other legal or equitable interest in the Association, each and every such contract purchaser, Owner, mortgagee, or other lien holder or party having a legal or equitable interest in the Association does automatically and irrevocably name, constitute, appoint and confirm Declarant, its successors and assigns, as attorney-in-fact for the purpose of executing such agreements, documents, amendments, supplements or other instrument(s) necessary to effect the foregoing subject to the limitations set forth above in the preceding paragraph and Section 7(b).

(b) Limitations. No such agreement, document, amendment or supplement which adversely affects the value of any Lot or materially increases the financial obligations of the Owner or reserves any additional or special privileges to the Declarant or the Association shall be made without the prior written consent of the affected Owner(s). No such agreement, document, amendment or supplement shall adversely affect the priority or validity of any mortgage which encumbers any Lot, without the prior written consent of the owners of all such mortgages. No such agreement, document, amendment or supplement shall revoke or diminish the delegation of any power or duty of the Board.

(c) Duration. The powers of attorney aforesaid are expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots and be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, said powers of attorney shall not be affected by the death or disability of any principal and are intended to deliver all right, title and interest of the principal in and to said powers. Said powers of attorney shall be vested in the Declarant, its successors and assigns until same effectuate the initial conveyance of all Units or the expiration of the foregoing seven (7) year period, whichever shall first occur. Thereafter, said powers of attorney shall automatically vest in the Association on a perpetual basis and may be exercised by the Board.

Section 8. Dissolution. In the event of a dissolution, voluntary or involuntary, of the Association, fee-simple title to the Common Property shall automatically vest in all of the Lot Owners as joint tenants, each of whom shall be the owner of an undivided 1/148th interest in the Common Property and shall be required to pay his proportional share of all funds necessary to maintain the Common Property. If the Lot Owners do not maintain the Common Property in reasonable order and condition, the Township of Little Egg Harbor shall have the right to enter upon and maintain the Common Property in accordance with the procedures set forth in N.J.S.A. 40:55D-43(b) and the cost of same shall be assessed pro rata, enforced and collected in accordance with the provisions of N.J.S.A. 40:55D-43(c). Any amount so assessed shall become a lien and tax on each Lot and shall be enforceable by the Township of Little Egg Harbor in the manner provided by law with respect to real estate taxes assessed directly against each such Lot.

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EXHIBIT A

OVERALL DEVELOPMENT PLAN

DATE: 11/28/00

VIEW: PLAN

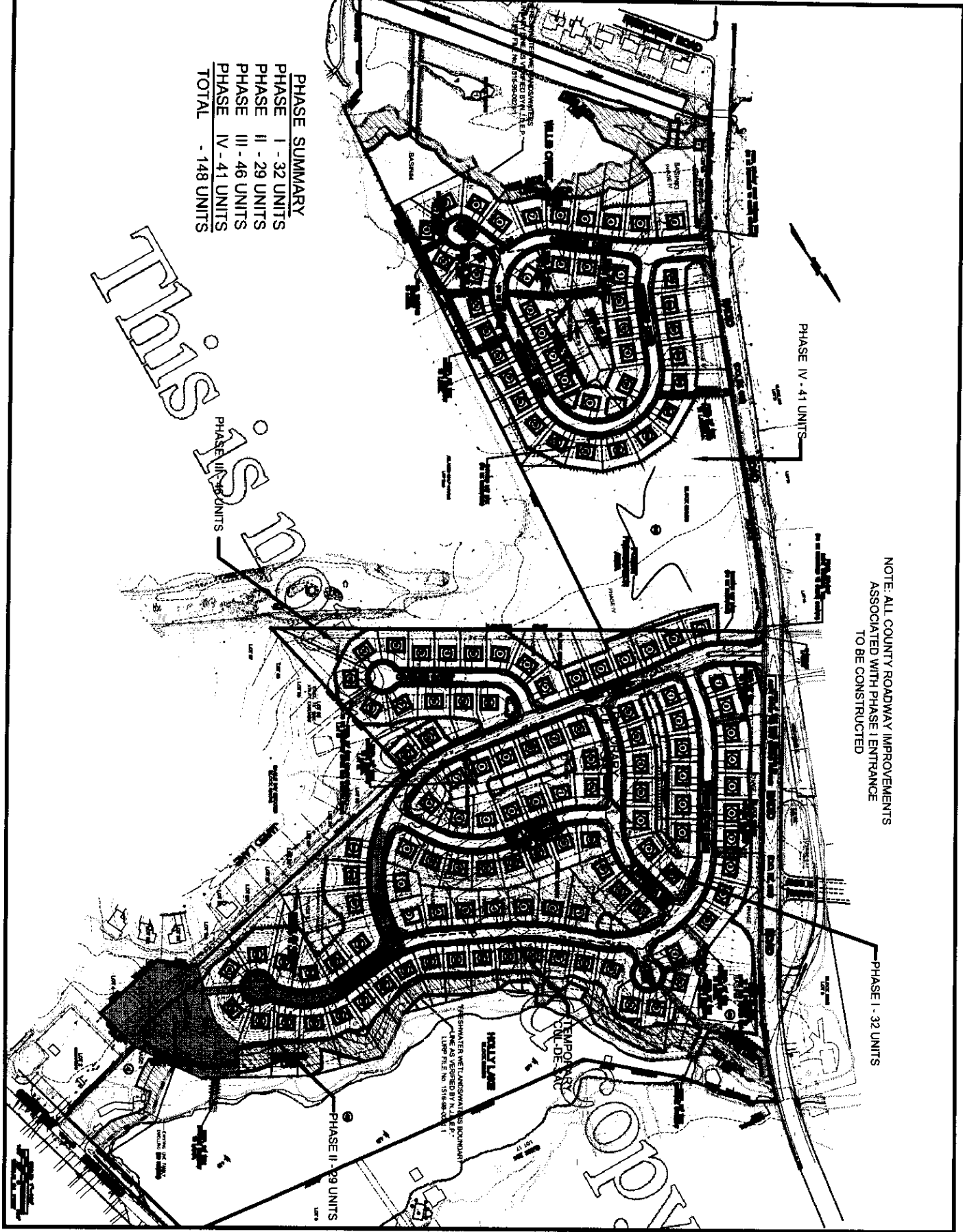
FILE: 11356.PEN

PHASE SUMMARY

PHASE I	- 32 UNITS
PHASE II	- 29 UNITS
PHASE III	- 46 UNITS
PHASE IV	- 41 UNITS
TOTAL	- 148 UNITS

This is a

NOTE: ALL COUNTY ROADWAY IMPROVEMENTS ASSOCIATED WITH PHASE I ENTRANCE TO BE CONSTRUCTED



DATE: 11/28/00
 SCALE: 1"=100'
 DRAWN BY: RAC
 CHECKED BY: RAC
 PROJECT NO: 00-0133

MAJOR SUBDIVISION-PRELIMINARY PLAN
BLOCK 222100 LOTS 17, 2 & 3
WATER'S EDGE
 LITTLE EGG HARBOR TOWNSHIP, OCEAN COUNTY, NEW JERSEY

PHASING AND OPEN SPACE PLAN

adams, rehman & heagan
 ARCHITECTS
 100 WEST 10TH STREET, SUITE 200
 NEW JERSEY 07102

adams, rehman & heagan
 ARCHITECTS
 100 WEST 10TH STREET, SUITE 200
 NEW JERSEY 07102

RONALD N. GUROID

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EXHIBIT B

CERTIFICATE OF INCORPORATION

OF

THE HOLLY LAKE HOMEOWNERS' ASSOCIATION, INC.

CERTIFICATE OF INCORPORATION

OF

THE HOLLY LAKE HOMEOWNERS ASSOCIATION, INC.

DATED: 3/20/03

File and Return to:

**J. SCOTT ANDERSON, ESQ.
GIORDANO, HALLERAN & CIESLA, P.C.,
125 Half Mile Road
P.O. Box 190
Middletown, New Jersey 07748**

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The undersigned, who is of full age, in order to form a corporation pursuant to the provisions of the New Jersey Nonprofit Corporation Act, Title 15A of the New Jersey Statutes Annotated, does hereby certify:

FILED

ARTICLE I

MAR 21 2003

State Treasurer

The name of the corporation is **THE HOLLY LAKE HOMEOWNERS' ASSOCIATION, INC.**, hereinafter called the "Association".

ARTICLE II

The principal office of the Association is located at 500 Harding Road, Freehold, New Jersey 07728.

ARTICLE III

Stewart Kleiner, whose address is 500 Harding Road, Freehold, New Jersey 07728, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

Purpose and Powers of the Association

This Association does not contemplate pecuniary gain or profit to the members thereof and the specific purposes for which it is formed are to provide for the maintenance, preservation and control of the Common Property subject to the Declaration of Covenants and Restrictions for the one hundred forty-eight (148) unit single family dwelling community located in Township of Little Egg Harbor, New Jersey and known as Holly Lake, recorded or intended to be recorded in the Office of the Clerk of Ocean County, as same maybe supplemented and amended as therein

8100 800 629
7327413900

provided and to promote the health, safety and welfare of the residents within the above described property and for these purposes:

- (a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the aforesaid Declaration and By-Laws of the Association, as they both may be amended from time to time as therein provided, said Declaration and By-Laws being incorporated herein as if set forth at length;
 - (b) To fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of said Declaration and By-Laws of the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;
 - (c) To acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
 - (d) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- and

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(c) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of New Jersey by law may now or hereafter have or exercise.

ARTICLE V

Membership

Every person or entity who is a record owner of a fee interest in any Lot which is subject to the Declaration of Covenants and Restrictions and qualifies in accordance with the By-Laws shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of any such Lot shall be the sole qualification for membership. Upon termination of the interest of the Owner, his membership shall automatically terminate and shall be transferred and shall inure to the new Owner succeeding him in interest.

ARTICLE VI

Board of Trustees

The affairs of this Association shall be managed by a Board of Trustees. The initial Board of Trustees shall be composed of three (3) persons who need not be members of the Association. The number of Trustees may be changed pursuant to the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Trustees and the selection of their successors are:

Stewart Kleiner
500 Harding Road
Freehold, NJ 07728

Leon Kleiner
500 Harding Road
Freehold, NJ 07728

Edward Kleiner
500 Harding Road
Freehold, NJ 07728

The method of electing Trustees shall be set forth in the By-Laws of the Association.

ARTICLE VII

Distribution of Assets

Upon dissolution, the assets of the Association shall be distributed equally among the Members.

ARTICLE VIII

Duration

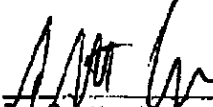
The Association shall exist perpetually.

ARTICLE IX

Amendments

Amendment of this Certificate shall require the assent of two-thirds (2/3) of all Lot Owners of the Association.

IN WITNESS WHEREOF, for the purpose of forming this nonprofit corporation under the laws of the State of New Jersey, the undersigned, the incorporator of this Association, has executed this Certificate of Incorporation this 20th day of March, 2003.



J. Scott Anderson, Attorney At Law,
State of New Jersey

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EXHIBIT C

BY-LAWS

OF

THE HOLLY LAKE HOMEOWNERS' ASSOCIATION, INC.

ADOPTED:

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BY-LAWS OF
THE HOLLY LAKE HOMEOWNERS' ASSOCIATION, INC.**

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BY-LAWS
OF
THE HOLLY LAKE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I.

NATURE OF BY-LAWS

1.1. Nature of By-Laws. These By-Laws are intended to govern the administration of The Holly Lake Homeowners' Association, Inc. (the "Association"), a non-profit corporation organized under Title 15A of the Statutes of New Jersey, and the management, administration, utilization and maintenance of the Common Property subject to the Declaration of Covenants and Restrictions for that one hundred forty-eight (148) unit single family dwelling community located in the Township of Little Egg Harbor, Ocean County, New Jersey and known as Holly Lake.

1.2. Definitions. Unless the context clearly indicates otherwise, all definitions set forth in the aforesaid Declaration are incorporated herein by reference.

1.3. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Trustees.

1.4. Principal Office. The principal office of the Association is located at 500 Harding Road, Freehold, New Jersey 07728, or such other location as may be determined by the Board of Trustees.

ARTICLE II.

MEMBERSHIP AND VOTING RIGHTS

2.1. Membership. Every person, firm, association, corporation or other legal entity who is a record Owner or Co-Owner of the fee simple title to any Lot shall be a member of the

Association. Any person, firm, association, corporation or legal entity who holds such title or interest to a Lot 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.

2.2. Associate Members. Every person who is entitled to possession and occupancy of a Lot as a tenant or lessee of a Member shall be an Associate Member of the Association but shall not be entitled to any vote with respect to Association matters.

2.3. Change in Membership. Transfer of membership of Owners shall be accomplished by recording in the Ocean County Clerks Office a Deed or other instrument establishing a record title to a Lot, and by delivery to the Secretary of the Association of a certified copy of such instrument and such sums of money as are required for the payment of any membership fee and/or contribution to capital. The membership of the prior Lot owner shall be thereby terminated.

2.4. Rights of Membership. Every person who is entitled to membership in the Association, pursuant to the provisions of the Certificate of Incorporation and these By-Laws, shall be privileged to use and enjoy the Common Property, subject, however, to the right of the Association to:

- (a) Promulgate Rules and Regulations governing such use and enjoyment; and
- (b) Transfer, grant or obtain easements, licenses or other property rights with respect to the Common Property as provided herein or in the Declaration.

2.5. Suspension of Rights. Membership and voting rights may be suspended by the Board for any period during which any Common Expense assessment against the Lot to which the membership is appurtenant remains unpaid; but upon payment of such assessments, together with any late fees, any interest accrued thereon, and any costs, attorneys' fees, penalties and

other expenses, if any, properly chargeable to the Lot, whether by check or cash, the rights and privileges shall be immediately and automatically restored. Further, if Rules and Regulations governing the use of the Common Property and the conduct of persons thereon have been adopted and published, as authorized in the By-Laws, the rights and privileges of any person in violation thereof may be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single violation, but if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Member is afforded an opportunity for a hearing consistent with the principles of due process of law.

2.6. Member in Good Standing. A Member shall be deemed to be in good standing and entitled to vote in person or by proxy or in any ballot by mail if, and only if, he shall have fully paid all installments due for assessments made or levied against him and his Lot by the Board as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and to his Lot, at least three (3) business days prior to the date fixed for such meeting.

2.7. Voting Rights. Each Member shall be entitled to one (1) vote of equal weight for each Lot to which he holds title. When more than one person holds title, the vote(s) for each Lot shall be exercised as the Co-Owners among themselves determine. When one or more Co-Owners sign a proxy or purports to vote for his or her Co-Owner(s), such vote(s) shall be counted unless one or more of the other Co-Owner(s) is present and objects to such vote(s); or, if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote(s) is counted. If Co-Owners disagree as to the vote(s), the vote shall be divided equally among the Co-Owners.

2.8. Contribution to Capital. Each Owner shall pay to the Association upon acquisition of title to his Lot from the Declarant a non-refundable and non-transferable contribution to the working capital of the Association in an amount of Four Hundred Dollars (\$400.00). Such sum may be used for any lawful purpose at the discretion of the Board and need not be replenished if it is so utilized. Payment of such contribution shall be a condition precedent to the exercise of rights of membership in the Association upon acquisition of title to a Lot. Any unpaid capital contribution shall be deemed a lien on the Lot in the same manner as any unpaid Common Expenses attributable to such Lot.

ARTICLE III.

MEETINGS OF MEMBERS

3.1. Place of Meetings. All meetings of the Members of the Association shall be held at such place in Ocean County convenient to the Members as may be designated by the Board.

3.2. Annual Meetings. All annual meetings of the Members of the Association shall be held on the day and month of the year as may be established by the Board, except that no more than thirteen (13) months shall lapse between annual meetings. At each annual meeting the members may vote on questions as set forth in Section 3.7 hereof and transact other business of the Association.

3.3. Special Meetings. Special meetings of the Members may be called by the President whenever the President deems such a meeting advisable or shall be called by the Secretary upon the order of the Board or upon the written request of Members representing no less than twenty-five (25%) percent of all votes entitled to be cast at such meeting. Such request shall state the purpose(s) of such meeting and the matter(s) proposed to be acted upon. Unless Members representing at least fifty (50%) percent of all votes entitled to be cast request such a meeting, no special meeting may be called to consider any matter which is substantially the same as a matter

voted upon at any meeting of the Members held during the preceding twelve (12) months, which determination shall be made in the sole and absolute discretion of the Board.

3.4. Notice of Meeting. Except as otherwise provided by law, notice of each meeting of Members, whether annual or special, shall be given not less than ten (10) days, nor more than ninety (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 said Member, or by mailing such notice, postage prepaid. Every such notice shall state the time, place and purpose(s) of the meeting. Notice of any meeting of Members shall not be required to have been sent to any Members who shall attend such meeting in person or by proxy. Notice of any adjourned meeting of the Members shall not be required to be given unless the time and place to which the meeting is adjourned is not announced at the meeting adjourned. Except where otherwise expressly required by law, no publication of any notice of a meeting of Members shall be required.

3.5. Quorum and Adjourned Meetings. At any meeting of the Members, Members in good standing comprising ten (10%) percent of the total authorized votes and present in person or by proxy, shall constitute a quorum for the transaction of business except where otherwise provided by law. In the absence of a quorum, the persons 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 in person or by proxy. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting originally called.

3.6. Organization. At each meeting of the Association, the President, or, in his absence, the Vice President, or in the absence of both of them, a person chosen by the remaining Trustees

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.

3.7. Voting on Questions. Only Members in good standing at least three (3) business days prior to any meeting shall be entitled to vote on questions. A majority of votes present in person or by proxy at any duly constituted meeting of the membership, shall be sufficient on those questions submitted to a vote of the membership. The vote on any question need not be taken by ballot, unless (i) the chairperson of the meeting determines a ballot to be advisable, or (ii) a majority of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot.

3.8. Voting in Elections of Trustees. Only Members in good standing at least three (3) business days prior to any meeting at which an election is to occur shall be entitled to vote in elections of Trustees. Each Member shall be entitled to one (1) vote for each Lot to which he holds title with respect to all elections. The election of Trustees shall be conducted by written ballot. If with respect to any election more than twice the number of candidates to be elected are nominated, then there shall be two ballots cast. At the end of the tabulation 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 vote shall be held, and on the second vote, the persons receiving the plurality of 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 vote, with the persons receiving the highest numbers of votes being elected in order to fill the vacancies on the Board. If ever applicable, candidates polling the highest numbers of votes will be considered elected for the longest period of years.

3.9. Ballot By Mail. The Board may submit any question or election to a vote of the membership through a ballot by mail, whether or not membership meeting is held for same purpose. No ballot by mail shall be valid or tabulated unless the signature of the Member(s) submitting the ballot has been verified on the ballot in accordance with procedures established by the Board. The Board shall appoint Inspectors to tabulate the ballots, whose report shall be included in the minute book. In order to conduct a ballot by mail for a question submitted to a vote of the membership, the Board shall serve a notice upon all Members which shall (i) state with specificity the question(s) upon which the vote is to be taken; (ii) state the date by which ballots must be received in order to be counted; (iii) provide an official ballot for the purposes of the vote; and (iv) state the date upon which the action contemplated by any motion(s) shall be effective, which date shall be not less than ten (10) days after the date ballots must be received. No actions contemplated by a question submitted to a ballot by mail shall be taken unless a majority in interest of all Members in good standing submit ballots approving such action. In order to conduct a ballot by mail for an election of Trustees, the Board shall serve a notice upon all Members which shall (i) provide an official ballot for the purposes of the election; and (ii) state the date by which the ballot must be received in order to be counted. No ballot shall be counted if the Member casting same is not in good standing at least three (3) business days prior to the date set for the ballot to be received.

3.10. Proxies. Proxy ballots shall be permitted with respect to all amendments to the Declaration, the Certificate of Incorporation, these By-Laws, or any other matter to properly be voted upon by the Members. All proxies shall be in writing & signed by the individual member, or by his or their duly authorized representative(s), and delivered to the Secretary of the Association, or his designee, at least 24 hours prior to the commencement of the meeting at

which ballots are to be cast and may not be opened until after all other ballots are counted.

Proxies may be revoked at any time prior to the opening of the polls by the person issuing the proxy. No proxy shall be voted on after eleven (11) months from the date of its execution unless the proxy provides for a longer period, which in no event can exceed three (3) years from the date of its execution. All proxies shall be substantially in the form prescribed by the Board, and if not in such form, shall be deemed invalid, which determination shall be made in the sole and absolute discretion of the Board or the Inspectors of the election with respect to any election.

3.11. Inspectors of Elections. If at any meeting of the Members a vote by ballot shall be taken, the chairperson of such meeting shall appoint two persons to act as Inspectors with respect to the ballots. Each Inspector so appointed shall first subscribe an oath to execute faithfully the duties of an Inspector with strict impartiality and according to the best of his ability. Such Inspector shall decide upon the qualifications of voters and shall report the number of votes represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and when the voting is completed, shall ascertain and report the number of votes respectively for and against the questions. Reports of Inspectors shall be in writing and subscribed and delivered by them to the Secretary of the meeting promptly after the ballots are tabulated. The Inspectors need not be Members of the Association, and any officer or Trustee of the Association may not be an Inspector on any questions in which he may be directly interested.

3.12. 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) Calling of the roll and certifying the proxies.
- (b) Proof of notice of meeting and waiver of notice.
- (c) Reading and disposal of any unapproved minutes.

- (d) Appointment of Inspectors, if appropriate.
- (e) Election of Trustees, if appropriate.
- (f) Vote on Questions, if appropriate.
- (g) Receiving reports of officers.
- (h) Receiving reports of committees.
- (i) Old business.
- (j) New business.
- (k) Membership Remarks and Questions.
- (l) Adjournment.

ARTICLE IV.

BOARD OF TRUSTEES

4.1. Qualifications and Members Trustees must meet the following criteria to qualify for nomination, appointment, election or service as a Trustee:

- (a) Member in Good Standing: Membership in good standing shall be a qualification of any non-Declarant nominee or appointee to a Trusteeship and for continued service on the Board.
- (b) Representation: Partnerships, corporations, limited liability companies, fiduciaries or co-owners of Lots in good standing may designate one individual per Lot owned to be eligible for nomination, appointment, or election as Trustees in accordance with the following qualifications:
 - i. Partnership or limited liability company designees shall be members, employees or agents of the partnership or limited liability company;
 - ii. Corporate designees shall be officers, stockholders, employees or agents of the corporation;

iii. Fiduciary designees shall be fiduciaries, officers, or employees of the fiduciary; and

iv. Co-owners holding a membership in good standing may designate any one of them, but only one of them, to be eligible for nomination, appointment, or election as a Trustee; however, in the case of any disagreement, the express consent of a majority in interest of such Co-owners shall be required.

(c) Disqualification of Trustees: Any Trustee whose membership in the Association is not in good standing for thirty (30) consecutive calendar days shall automatically be disqualified as a Trustee upon expiration of said thirty (30) day period and a replacement shall be appointed by the Board within thirty (30) calendar days thereafter to serve the remainder of the vacant term as contemplated by Section 4.4 hereof. Despite the aforesaid, any Trustee who conveys title to his Lot and no longer holds title to any other Lot is automatically disqualified as a Trustee effective on the date of said conveyance.

4.2. Number and Term of Office: The Board shall initially consist of three (3) Trustees appointed by the Declarant, designated as Trustees A, B and C, each of whom shall ultimately serve for a term of three (3) years that expires at the third annual meeting subsequent to their election. Initially, their terms shall be staggered so that Trustee A serves for an initial term expiring three (3) years after the next annual meeting, that Trustee B serves for an initial term expiring two (2) years after the next annual meeting and that Trustee C serves for an initial term expiring one (1) year after the next annual meeting. Thereafter, each expiring term shall be succeeded by a full three (3) year term.

In order to implement this provision, the initial Board of Trustees shall schedule a first election within sixty (60) days after thirty-seven (37) Lots are conveyed by the Declarant to

individual Owners. At such election ("Transition Election"), the Lot Owners other than the Declarant shall be entitled to elect Trustee A.

Within sixty (60) days after one hundred eleven (111) Lots are initially conveyed, a second Transition Election shall be held by the Board, at which time the Lot Owners other than the Declarant shall be entitled to vote for and elect Trustee B.

Within sixty (60) days after all Lots have been initially conveyed, a third Transition Election shall be held by the Board, at which time the Lot Owners other than the Declarant shall be entitled to vote for and elect Trustee C from among such Lot Owners; provided that the Declarant shall be entitled in its discretion to relinquish Trustee C at the time of the second Transition Election or at any time prior to the conveyance of the last Lot.

Despite the foregoing, the Declarant shall be entitled to appoint all of the Trustees for so long as it retains legal title to at least one Lot for sale in the ordinary course of business, unless it waives such right with respect to one or more of such positions. The election of any Trustee(s) by the Lot Owners to fill any Board seat(s) previously held by a Declarant appointee(s) shall be within sixty (60) days after (i) the Declarant's last Lot is conveyed or removed from the market for sale or (ii) the Declarant waives in writing its right to appoint any Trustee(s).

4.3. Removal of Members of the Board. At any duly held and constituted regular or special meeting of the Owners at which a quorum is present, any one or more Trustees may be removed with or without cause by vote of the Owners present, provided that the notice of the meeting expressly includes the proposed removal action. A successor may then and there be elected by a majority of the remaining Trustees to fill the vacancy thus created. Each person so elected shall be a Trustee for the remainder of the term of the Trustee whose term he is filling and until his

successor is duly elected and qualified. Any Trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Despite the foregoing, a Trustee cannot be removed except by a majority vote of the Owners present, but the failure of any Trustee to be present at three (3) consecutive Board meetings shall be grounds for removal, by majority vote of the Trustees without any vote of the Members.

4.4. Vacancies. Vacancies on the Board caused by any reason other than the removal of a Trustee by a vote of the Members shall be filled promptly by a vote of a majority of the remaining Trustees of the entire Board. Each person so elected shall be a Trustee for the remainder of the term of the Trustee whose term he is filling and until his successor shall have been duly elected and qualified.

ARTICLE V.

TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES

5.1. Meeting of the Board: Notices: Waiver of Notice. The annual meeting of the Board shall be held within ten (10) days after the annual meeting of the Members and at such time and place as shall be fixed by a majority of the Board and no notice shall be necessary. Thereafter, regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board, but at least two meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Trustee by telephone, mail, or telegram at least three (3) days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) 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 shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) Trustees. Any Trustee 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 each such Trustee 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.

5.2. Quorum and Adjourned Meetings. At all meetings of the Board, a majority of the Trustees shall 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 shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice.

5.3. Joinder in Meetings by Approval of Minutes. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as if transacted at a meeting duly held after regular call and notice, if (i) a quorum is present; and (ii) 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 any resolution adopted at such meeting. All such waivers, consents or approvals shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

5.4. Non-Waiver. All the rights, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extend, 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.

5.5. Meetings Open to Owners; Notice. All Board Meetings shall be open to attendance by all Owners, subject to the following exceptions set forth in N.J.S.A. 45:22A-45, as now or hereafter amended. The Board may exclude or restrict attendance at those meetings, or portions of meetings, at which any of the following matters are to be discussed: 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 attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer, or 4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association.

ARTICLE VI.

POWERS AND DUTIES OF BOARD OF TRUSTEES

6.1. General Powers and Privileges. Subject to the Declaration, Certificate of Incorporation and these By-Laws, the Association may do all it is legally entitled to do under the laws applicable to its form of organization. The Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the Community. The Association shall provide a fair and efficient procedure for the resolution of disputes between individual Owners and the Association, and between different Owners, that shall be readily available as an alternative to litigation.

The property, affairs and business of the Association shall be managed by the Board, which shall have all those powers granted to it by the Declaration, the Certificate of Incorporation, these By-Laws, and by law. The Board shall have the powers to maintain and administer the Common Property, to enforce the Covenants and Restrictions governing the Common Property and to collect and disburse all Common Expense assessments and charges necessary for such maintenance, administration and enforcement

6.2. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following:

- (a) To cause to be maintained according to accepted standards as the Board may deem appropriate and as set forth in the Declaration, the Common Property, including, but not limited to, maintenance of the detention basins and the entry signs, if any; and
- (b) To 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 twenty-one (21) days in advance by members representing at least fifty (50) percent of the total outstanding votes of the Association or to make available, during regular business hours, such Association records as are required by law to any Member, when requested in writing at least twenty-one (21) days in advance; and
- (c) To allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Property in accordance with the provisions of these By-Laws and the Declaration after casualty damage or destruction, or as a result of condemnation or eminent domain proceedings; and
- (d) To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Common Property which are placed thereon by any federal, state, county or municipal authority having jurisdiction there over, or order of the Board of Fire Underwriters or other similar bodies; and
- (e) To manage the fiscal affairs of the Association as herein provided in Article VII; and

(f) To place and keep in force all insurance coverages required to be maintained by the Association, to include, but not be limited to:

i. Public Liability Insurance. To the extent obtainable in the normal commercial marketplace, public liability insurance for personal injury and death from accidents occurring within the Common Property (and any other areas which the Board may deem advisable), and the defense of any actions brought by injury or death of a person or damage to property, occurring within such areas, and not arising by reason of any act or negligence of any individual Member. Said insurance shall be in such limits as the Board may, from time to time, determine, covering each member of the Board, the managing agent, the manager, and each one insured against another. Such public liability insurance shall be in a single limit of not less than \$1,000,000.00 per occurrence for claims of personal injury or for property damage arising out of any one occurrence.

ii. Trustees and Officers Liability Insurance. Liability insurance indemnifying the Trustees, Officers and Committee Members of the Association against the liability for errors and omissions occurring in connection with the performance of their duties, with any deductible amount to be in the sole discretion of the Board.

iii. Other Insurance. Such other insurance as the Board may determine. Any insurance maintained by the Board may provide for such deductible amount as the Board may determine. Despite any other provisions of this subparagraph, the Association shall not be required to provide any type or amount of insurance not commonly available in the normal commercial marketplace.

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

ARTICLE VII.

FISCAL MANAGEMENT

7.1. Annual Common Expense Assessments. It shall be an affirmative and perpetual obligation of the Board, in its sole discretion, to fix annual Common Expense assessments in an amount at least sufficient to fulfill the obligations of the Association which is intended to initially be \$***** per annum for each Owner. Said annual Common Expense assessment shall reflect the anticipated operating expenditures and repair and replacement reserve accumulation requirements for the next ensuing fiscal year. Every Owner, by acceptance of a deed or other conveyance for a Lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association all Common Expense assessments and all fines and other charges contemplated herein.

7.2. Liability for Common Expense Assessments. No Owner may waive or otherwise avoid liability for payment of Common Expense assessments by non-use of the Common Property. Each Common Expense assessment and all fines and other charges shall be a continuing lien upon the Lot against which it was made and shall also be the joint and several personal obligation of the owner of such Lot at the time when the Common Expense assessment, fine or other charge fell due, and of each subsequent record owner of such Lot, together with such interest or late fees thereon as may be permitted by law and cost of collection thereof (including reasonable attorneys' fees). Liens for unpaid Common Expense assessments, fines or other

charges may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. Suit to recover a money judgment for unpaid Common Expense assessments, fines or other charges may also be maintained without waiving the lien securing same.

7.3. Determination of Common Expenses. The amount of money for Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including but not limited to the allocation thereof, shall be a matter for the sole discretion of the Board.

7.4. Annual Common Expense Assessment Not Made. If an annual Common Expense assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's Common Expense assessment, and any installments of such annual Common Expense assessment shall be due upon each installment payment date until the new annual Common Expense assessment is made.

7.5. Notice of Annual Common Expense Assessments. The Board shall cause to be prepared annually, at least thirty (30) days in advance of the due date of the first annual Common Expense assessment installment for each fiscal year, a list of the Lots and the annual Common Expense assessment applicable to each, according to the names of the Owners. This list shall be kept in the Office of the Association and shall be open to inspect upon request, by any Owner. Written notice of the annual Common Expense assessments shall be sent by mail or delivered to every Owner.

7.6. Due Dates of Annual Common Expense Assessment. Annual Common Expense assessments shall be made for a yearly period to be determined by the Board, and shall be payable in advance in monthly installments or in such other installments as may be established by the Board. Upon the conveyance of title to a Lot, the portion of the then current annual

Common Expense assessment payable by the new Owner shall be an amount which bears the same relationship to the annual Common Expense assessment as the remaining number of months in the then current annual Common Expense assessment period bears to twelve. Such annual Common Expense assessment or portion thereof for which a new Owner is liable shall be immediately due upon such owner's acquisition of title.

7.7. Special Common Expense Assessments. In addition to the other Common Expense assessments herein authorized, the Board may levy, in any assessment year, a special Common Expense assessment, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the described capital facility upon the Common Property, including the necessary furniture, fixtures, equipment, and other personal property related thereto, or for any other lawful purpose, provided that any such special Common Expense assessment shall receive the assent of two thirds (2/3) of the votes eligible to be cast by the Members, at a meeting duly called for this purpose. Written notice of such a meeting, stating the purpose of the meeting, shall be sent to all Owners no less than thirty (30) days in advance..

7.8. Disbursements. The Board shall take 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 Declaration, Certificate of Incorporation and applicable law.

7.9. Depositories. The depository of the Association shall be such a bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, provided, however, that all checks over \$5,000 shall require at least two (2) signatures. If a managing agent is authorized to sign checks on behalf of

the Association for payment of the obligations of the Association, a proper fidelity bond must be furnished to the Association.

7.10. Accounts. The receipts and expenditures of the Association shall be Common Expense assessments and Common Expenses 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 Expenses:

- (a) Current expenses, which shall include all expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. At the end of each year the unexpended amount remaining in this account applicable to a particular budget shall be applied to reduce the Common Expense assessments for current expenses for the succeeding year, or may be distributed to the current Members in the same manner as assessed, as the Board, in its sole discretion, shall determine.
- (b) Operations, which shall include all funds from the use of the Common Property 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 shall be used to reduce the Common Expense assessments for current expenses for the succeeding year, or at the discretion of the Board, distributed to the current Members in the same manner as assessed. Losses from the operations or otherwise shall be met by special Common Expense assessments against Members, which assessments may be made in advance in order to provide a working fund.
- The Board may, in its sole discretion, maintain the remaining funds in one or more con-

solidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the records of the Association.

7.11. Emergency Common Expense Assessment. In the event the annual Common Expense 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.

7.12. Acceleration of Common Expense Assessment Installment Upon Default. If a Member shall be in default in the payment of an installment upon any type of Common Expense assessment, the Board may notify the delinquent Member that the remaining installments of the Common Expense assessment shall be accelerated if the delinquent installment has not been paid by a date stated in the Notice, which date shall not be less than five (5) days after delivery of the notice to the Member, or not less than ten (10) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur. If such default shall continue for a period of thirty (30) days, then the Board shall be obligated to: (i) accelerate the remaining installments of the Common Expense assessment; (ii) file a lien for such accelerated Common Expense assessment; and (iii) notify any mortgagee of the Lot affected by such default if such mortgagee has requested such notice from the Association in writing. If said default continues for a period of one hundred and eighty (180) days, then the Board shall have the right to foreclose the foregoing lien pursuant to law and/or commence a suit against the appropriate Lot Owner(s) to collect said Common Expense assessment.

7.13. Interest and Counsel Fees. The Board, at its option, shall have the right in connection with the collection of any Common Expense assessment, or other charge, to impose a late charge of any reasonable amount and/or at the legal maximum rate permitted by law for the payment of

delinquent real estate taxes, if such payment is made after a date certain stated in such notice. In the event the Board shall effectuate collection of said assessments or charges by resort to counsel and/or the filing of a lien, the Board may add to the aforesaid assessments or charges, reasonable counsel fees for the cost of collection, including the preparation, filing and discharge of the lien, in addition to such other costs as may be allowable by law.

7.14. Assessment of Expenses in Actions By or Against Association. Except as specifically otherwise provided herein, in the case of any action or proceeding brought or defended by the Association pursuant to the provisions of these By-Laws, the reasonable costs and expenses of preparation and litigation, including attorneys' fees, shall be a Common Expense allocated to all Members.

(a) Any judgments recovered by the Association in any action or proceeding brought hereunder, including costs, penalties or damages, shall be deemed a special fund to be applied to:

- i. The payment of unpaid litigation expenses;
- ii. refunding to the Members the cost and expenses of litigation advanced by them;
- iii. Common Expenses, if the recovery thereof was the purpose of the litigation;
- iv. repair or reconstruction of the Common Property if recovery of damages to same was the motivation for the litigation; and
- v. any amount not applied to (i), (ii), (iii), and (iv) above shall be at the discretion of the Board treated either as:

a. a common surplus which shall be allocated and distributed in the same proportion as Common Expenses are assessed to the Members, or

b. a set-off against the annual Common Expense assessments generally.

Despite the foregoing, if a Member(s), the Board or any other person or legal entity affected by any such distribution shall assert that the damages sustained or the diminution in value suffered by a Member(s) was disproportionate to his or their interest in the Common Property, in that event the matter shall be submitted to binding arbitration to be decided in accordance with the procedures set forth herein.

c. All Common Expenses received and to be received by the Board for the purpose of paying any judgment obtained against the Association, and the right to receive such funds, shall constitute trust funds and the same shall be expended first for such purpose before expending any part of the same for any other purpose.

7.15. Annual Audit. The Board shall submit the books and records 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 all Members and such Mortgagee(s) or other persons, firms or corporations as may be entitled to same. The audit shall cover the operating budget.

7.16. Examination of Books. Each Member shall be permitted to examine the books of account of the Board by appointment at a reasonable time on business days; provided, however, that the Treasurer has been given at least twenty-one (21) days prior written notice of the Member's desire to make such an examination.

7.17. Expenditure of Funds. The amount of monies for Common Expenses deemed necessary by the Board and the manner of expenditure thereof including, but not limited to, the allocation thereof shall be a matter for the sole discretion of the Board.

7.18. Certificate as to Payment. The Association shall, upon the request of any Lot Owner liable for a Common Expense assessment, or of the mortgagee of any Lot, furnish to such Lot Owner or mortgagee a certificate in writing signed by an officer of the Association, setting forth whether or not such Common Expense assessment has been paid. Such certificate shall constitute conclusive evidence of the payment of any assessments therein stated to have been paid.

ARTICLE VIII.

OFFICERS

8.1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. All officers shall be members of the Board including any appointed Assistant Treasurer(s) and Assistant Secretaries that may be necessary in the judgment of the Board. Any two (2) offices, except that of President and Vice President, may be held by one person.

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

8.3. 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.

8.4. Duties and Responsibilities of Officers.

(a) President. The President shall be the chief executive officer of the Association; shall preside at all meetings of the Association and of the Board; and shall have all of the general powers and duties which are usually vested in the office of President of a non-profit corporation.

(b) Vice President. The Vice President shall take the place of the President and perform the President's 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 shall appoint some other Trustee to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board.

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

(d) Treasurer. The Treasurer shall have the ultimate responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be ultimately 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.

8.5. Other Duties and Powers. The Officers shall have such other duties, powers and responsibilities as shall, from time to time be authorized by the Board.

8.6. Eligibility of Trustees. Nothing contained herein shall prohibit a Trustee from being an Officer.

ARTICLE IX.

**COMPENSATION, INDEMNIFICATION AND EXCULPABILITY
OF OFFICERS, TRUSTEES AND COMMITTEE MEMBERS**

9.1. Compensation. No compensation shall be paid to the President or the Vice President or any Trustee or committee member for acting as such officer or Trustee or committee member. The Secretary and/or Treasurer may be compensated for their services if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any officer, 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.

9.2. Indemnification. Each Trustee; officer and committee member of the Association shall 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, except as to matters for which he shall be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

9.3. Exculpability. Unless acting in bad faith neither the Board as a body nor any Trustee, officer, or committee member shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of his office. Each Member shall 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 X.**ENFORCEMENT**

10.1. Enforcement. Enforcement of these By-Laws shall be by any appropriate proceeding in law or equity in any court or administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any provision herein contained, either to restrain or enjoin such violation or threatened violation or to recover damages, and against the land of any Member to enforce any lien created by the Declaration, and failure by the Association or any Owner or Member to enforce any covenant or restriction herein contained for any period of time, shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same. Should either the Association or any of its members at any time fail to enforce the provisions hereof of the Township of Little Egg Harbor; upon thirty (30) days notice to the Association, shall have the right to institute appropriate legal proceedings in the name of the Association to effect such enforcement.

10.2. Waiver. No restriction, condition, obligation or covenant contained in the Declaration, these By-Laws or the Rules and Regulations shall be deemed to have been abrogated or waived by reason of the failure to enforce the same in respect of the number of violations or breaches thereof which may occur.

10.3. Cause of Action. Members shall have a cause of action, to the extent permitted by the laws of New Jersey, against the Association for its failure to act in accordance with the Declaration, Certificate of Incorporation, these By-Laws, Rules and Regulations or any formal decisions of the Association.

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

10.5. Compliance By Members. Each Member shall comply with and shall assume ownership or occupancy subject to the laws, rules and regulations of governmental authorities having jurisdiction over the Community. Failure to comply with any of the foregoing shall be grounds for commencement of action for the recovery of damages, or for injunctive relief or both, by the Declarant, the Association, or any Member, in any court or administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any of the aforesaid, and against any Member, to enforce any provision of the Governing Documents, these By-Laws or the Rules and Regulations. Failure by the Association or any Member to enforce any such provision for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same.

ARTICLE XI.

CONFLICT

11.1. General. Despite anything herein to the contrary, if any provision of these By-Laws is in conflict with or contradiction of the Declaration, the Certificate of Incorporation, or with the requirements of any law, then the Declaration, the Certificate of Incorporation or the requirements of the law shall be deemed to control. In the case of any conflict of the Rules and Regulations with these By-Laws, then these By-Laws shall be deemed to control.

ARTICLE XII.

AMENDMENTS

These By-Laws, or any of them, may be amended or repealed, or new By-Laws may be adopted, at any meeting of the Association duly held for such purpose; and previous to which written notice to Members of the exact language of the amendment or of the repeal shall have been sent, a quorum being present, by an affirmative vote of 51% in number and in interest of the votes entitled to be cast in person or by proxy, except that the obligation or the proportionate

responsibility for the payment of Common Expenses with respect to the Common Property may not be changed by reason of any such amendment, repeal or new By-Law.

ARTICLE XIII.

NOTICE

Any notice required to be sent to any Member under the provisions of the Declaration, Certificate of Incorporation or these 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 Co-owners of a Lot shall constitute notice to all Co-owners. 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 said Lot over 14 years of age or (ii) by affixing said notice to or sliding same under the front door of any Lot.

ARTICLE XIV.

MEDIATION

The Board shall permit any disputes between or among its Members and/or the Association regarding the Association or its governing documents to be submitted to mediation in accordance with the then Rules of the American Arbitration Association, which mediation shall be in Ocean County. This shall not apply to the non-payment of Common Expenses or the lawful governance of the Association by the Board. All expenses of mediation hereunder including the fees and expenses of counsel and experts shall be borne equally by the parties involved.

ARTICLE XV.

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "The Holly Lake Homeowners' Association, Inc."

ARTICLE XVI.

ROBERTS RULES OF ORDER

Except to the extent that they conflict with the provisions of the Declaration, these By-Laws, of the Association's Certificate of Incorporation or any applicable laws, Roberts Rules of Order shall govern the conduct of all meetings of the members and the Board of the Association.

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This is not a certified copy

IN WITNESS WHEREOF, the Declarant has caused this instrument be executed the day and year first above written.

WITNESS:

EDGE BUILDERS, LLC, Declarant

Cynthia Maruca

By:

Stewart Kleiner, Managing Member

This is not a certified copy

STATE OF NEW JERSEY :
 : SS
COUNTY OF OCEAN :

I certify that on April 10th, 2003, Stewart Kleiner personally came before me and stated to my satisfaction that:

(a) he is the Managing Member of Edge Builders, LLC the Limited Liability Company named in this Declaration.

(b) he signed and delivered this Declaration as the Managing Member of Edge Builders, LLC; and

(c) this Declaration was signed and made by Edge Builders, LLC as its voluntary act and deed by virtue of authority from its Members.

Sworn and subscribed

to before me this 10th day of April, 2003

Cynthia A. Maresca
Notary Public

CYNTHIA A. MARESCA
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 12/27/2006

This is a certified copy

List Of Marks

01 REFER TO OR BK 12321 PG 1256 ENTERED 8/9/2005
02 REFER TO OR BK 12403 PG 865 ENTERED 8/9/2005

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