

EXHIBIT A (Continued)
FROM
PUBLIC OFFERING STATEMENT
FOR
FEE SIMPLE TOWNHOUSE OWNERSHIP
Filed by:
MONTGOMERY WOODS ASSOCIATES
DEVELOPER

BY-LAWS

BY-LAWS

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**THE MONTGOMERY WOODS HOMEOWNERS ASSOCIATION,
INC.**

BY-LAWS

ARTICLE I

Location of Office

Section I. Principal Office. The principal office of the Homeowners Association shall be located at 100 Craig Road, in the Township of Freehold, Monmouth County, New Jersey, until such future time as by action of the Board of Trustees of the Homeowners Association, the principal office of the Homeowners Association shall be transferred.

ARTICLE II

Section I. Fiscal Year. The fiscal year of the Homeowners Association shall be determined by the Board of Trustees.

ARTICLE III

Membership

Section I. Membership. Every Owner, Grantor or a Developer appointed by Grantor owning a Townhouse shall be a Member of the Association; provided, however, that no person shall be a Member by reason of ownership of lands used for governmental or quasi-governmental purposes, or by reason of ownership of any park, public land, road, easement, right of way, mineral interest, mortgage or deed of trust. Each person as defined in the preceding sentence shall automatically be a Member of the Association without the necessity of any further action on his part, and Association membership shall be appurtenant to and shall run with the property interest and ownership of which qualifies the Owner thereof to membership. Except as

provided herein, membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with the title to the property interest and ownership of which qualifies the owner thereof to membership, and then only to the transferee of the title of said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void.

Section 2. Associates Every person who is entitled to possession and occupancy of any Lot or Townhouse as a tenant or lessee of a Member, shall be an Associate of the Association and as such shall be privileged to use its Common Property, subject to the Rules and Regulations of the Association. ' Associates shall not be entitled to vote, but shall be required to register their names with the Secretary of the Association.

Section 3. Rights of Membership. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which is imposed against each owner of a Townhouse, and becomes a lien upon the Lot or Townhouse against which such assessments are made as provided in The Montgomery Woods Homeowners Declaration of Covenants, Conditions and Restrictions, which is incorporated herein by reference as though fully set out herein.

Section 4. Suspension of Rights. The membership rights of any Person, firm, association, corporation or other legal entity whose interest in the Property is subject to assessment under the Declaration, may be suspended pursuant to the Declaration whether or not such Person is personally obligated to pay such assessments. Pursuant to the Declaration, membership rights may be suspended by action of the Board of Trustees for any period during which the assessments remain unpaid; but upon payment of such assessments, and any interest accrued thereon, these rights and privileges shall be immediately and automatically restored. If the Board of Trustees has adopted and published rules and regulations governing the use of the Common Property and Common Elements and conduct of such Person thereon, -as

authorized in the Declaration, the Board of Trustees may, in its discretion, suspend the privileges of such person for violation of such rules and regulations for a period not to exceed thirty (30) days for any single violation.

ARTICLE IV

Voting Rights

Section 1. Alienation. Immediately upon conveyance of any Townhouse or Lot within Montgomery Woods, the Owners thereof shall become subject to the declarations and conditions herein.

Section 2. Voting Rights. There shall be 340 votes in the Association, each of equal weight, all of which shall be held by the Declarant, who shall be deemed to be a Member of the Association; provided, however, that upon each conveyance of title of a Lot by Declarant to another Owner, such Owner shall become entitled to one vote for each Lot purchased, and the number of votes held by Declarant shall be reduced accordingly. Declarant's votes shall be cast by such persons as it may from time to time designate. Votes not held by Declarant shall be cast in person or by proxy, as otherwise provided herein. Anything to the contrary herein notwithstanding, it is understood that the number of votes in the Association shall be equal to the number of Lots to be established in Montgomery Woods.

Section 3. Joint or Common Ownership. If any property interest and ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one person, the vote or votes for which such property interest is entitled shall also be held jointly or in common in the same manner. Any joint or common Owner shall be entitled to cast the vote or votes belonging to his co-owners unless another of his co-owners seeks to vote the membership in person or by proxy. In the

case of a proxy the written agreement, if any, which governs the manner in which the membership shall be voted, shall control if presented at the meeting. If there is no such agreement presented at the meeting, the majority in number of the co-owners shall control the manner of voting. If there is no majority, or if there are two or more co-owners who seek to vote the membership, the membership shall, for the purpose of voting, be divided equally among the co-owners present in person or by proxy.

Section 4. Proxy Voting. Any Owner, including Grantor and any Developer appointed by Grantor, may give a revocable written proxy to any person authorizing the latter to cast the Owner's votes on any matter.

Section 5. Period of Grantor's Control.

(a) Notwithstanding the provisions of this Article IV, Grantor shall have the right, at its option, to appoint all the officers and trustees of the Association and to direct the business of the Association, except as limited by the Declaration and these By-Laws, for a period of time determined as hereinafter indicated, after which period Grantor's rights to appoint all or any of the officers and trustees of the Association and to direct the business of the Association shall cease and terminate except to the extent of Grantor's voting rights according to the provision of this Article. This period of Grantor's Control shall be limited, and control of the Association shall be surrendered to the Owners in the following manner:

1. Sixty days after conveyance to Owners, who are not Developers, of eighty five (85) of the Townhouses or Lots contained within the property described in the Declaration not less than twenty-five (25%) percent of the members of the Board shall be elected by the votes not controlled by Grantor or a Developer appointed by Grantor.

2. Sixty days after conveyance to Owners, who are not Developers, of one hundred seventy (170) of the Townhouses or Lots contained within the property described in the Declaration not less than forty (40%) percent of the members of the

Board shall be elected by the votes not controlled by Grantor or a Developer appointed by Grantor.

3. Sixty days after conveyance to Owners, who are not Developers, of two hundred fifty five (255) of the Townhouses or Lots contained within the property described in the Declaration Grantor's control of the Board shall terminate at which time the entire Board shall be elected by the votes not controlled by Grantor or by a Developer appointed by Grantor.

(b) Notwithstanding paragraphs 1, 2 and 3 above, Grantor may retain one (1) member of the board so long as there are any Townhouses or Lots remaining unsold in the regular course of business of Grantor or any Developer which has been previously appointed by Grantor.

(c) Grantor may surrender control of the Board of the Association prior to the time as specified, provided a majority of the votes not controlled by Grantor or by a Developer appointed by Grantor, vote to assume control.

(d) Upon the assumption by the Owners of control of the Board of the Association, Grantor shall forthwith deliver to the Association all items and documents pertinent to the Association such as, but not limited to, a copy of the Declaration, Certificate of Incorporation of the Association, By-Laws of the Association, and the Association's minute book, including all minutes, and any rules and regulations adopted by the Association, an accounting of the Association funds, the Association funds, and all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the Association.

(e) The Association, when controlled by the Owners, shall not take any action that would be detrimental to the sales of Townhouses or Lots by Grantor or any Developer previously appointed by Grantor and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of

controls, until the last Lot or Townhouse is sold. The Trustees appointed by the Declarant shall resign pursuant to the terms of this section and allow members to be elected to the vacated positions by votes not controlled by the Declarant. The resignations shall be made in the order as shown on the Certificate of Incorporation, with the last Trustee as listed on said Certificate of Incorporation resigning first. This order of resignation shall continue until all Trustees appointed by Declarant, had vacated their positions on the Board of Trustees.

(f) While the Grantor maintains a majority of representation on the Board of Trustees, the Grantor shall post a fidelity bond or other guarantee acceptable to the Division of Housing and Development of the Department of Community Affairs in an amount equal to the annual budget. For, the second and succeeding years during which the Grantor maintains a majority of representation of the Board of Trustees, the fidelity bond or other guarantee shall include accumulated reserves.

(g) While the Grantor maintains a majority of representation on the Board of Trustees, the Grantor shall have an annual audit of association funds prepared by an independent accountant, a copy of which shall be delivered to each Owner within ninety (90) days of the expiration of the fiscal year of the Association.

(h) Nothing contained herein to the contrary shall serve to exculpate members of the Board of Trustees appointed by the Grantor from their fiduciary responsibilities.

Section 6. Non-Cumulative Voting. The exercise of the voting rights pursuant to these By-Laws shall be non-cumulative.

ARTICLE V

Meetings of Members

Section 1. Annual Meeting. There shall be a regular annual meeting of the Members of the Association on the second Monday in November of each year at

7:00 p.m. at the principal office of the Association. Except as in the next sentence provided, no notice need be given of said regular annual meeting. Said regular annual meeting may be held at such other reasonable place or time (not more than thirty (30) days before or after the aforesaid date) as may be designated by notice of the Board given to the Members not less than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting, to all Members.

The Board of Trustees may fix, in advance, a date as the record date determining the Association's Members with regard to any corporate action or event. If no record date is fixed, the record date for a Member's meeting shall be the close of business on the day next preceding the day on which notice is given, or if no notice is given, the day next preceding the day on which the meeting is held, and the record date for determining Members for any purpose other than a Member's meeting shall be at the cessation of activities on the day on which the resolution of the Board relating thereto is adopted.

All notices of meetings shall be addressed to each Member as his address appears on the books of the Association.

The presence at any meeting, in person or by proxy, of Members entitled to vote at least one-third of the total votes outstanding shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than two (2) days nor more than thirty (30) days from the time set for the original meeting. In the event of such adjournment, the presence at such adjourned meeting, in person or by proxy, of Members entitled to vote at least one-sixth of the total outstanding votes shall constitute a quorum.

The President of the Association, or in his absence the Vice President, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any Member entitled to vote thereat or any proxy of

any such Member may call the meeting to order, and a chairman of the meeting shall be elected. The Secretary of the Association, or in his absence the Assistant Secretary, shall be secretary of such meetings.

Except as provided otherwise in the Declaration and these By-Laws, any action may be taken at any legally convened meeting of the Members upon the affirmative vote of the Members having a majority of the total votes present at such meeting in person or by proxy.

Section 2. Special Meetings. Special meetings may be called for any purpose at any time by the President, or any officer of the Association or by the call of any two (2) or more members of the Board of Trustees, or as otherwise mandated by law.

ARTICLE VI

Property Rights and Rights of Enjoyment to the Common Elements

Section 1. Members' Enjoyment. Each Member and Associate shall be entitled to the use and enjoyment of the Common Property and Common Elements as provided in the Declaration.

Section 2. Delegation of Rights. Any Member may delegate all rights of enjoyment of the Common Property to members of his family who reside upon the Property or to any of his tenants who reside thereon under any leasehold interest in any dwelling unit on the Property. Members shall furnish to the Association the names of any such persons and advise the Association of the relationship of the Members to such persons (e.g. member of family, resident of household, tenant, etc.). The rights and privileges of such persons are subject to suspension to the same extent as those of a Member.

ARTICLE VII

Common Expenses

Section 1. Common Expenses. The Common Expenses of the Association shall be those expenses incurred by the Association through the exercise of its powers and authority and the performance of its duties, as provided in the Declaration or as otherwise provided by law.

Section 2. Assessments.

(a) The Association shall have the power and authority to levy Assessments and collect funds for the Common Expenses and the payment thereof. An Assessment shall be deemed to be that sum which must be levied in the manner and against the Lots and Townhouses set forth below in this Section in order to raise the total amount for which the levy in question is being made, and each individual Assessment shall be equal to each other similar - individual Assessment. The Association shall levy:

(1) One Assessment against each Lot for which a certificate of occupancy, temporary or permanent, has not been issued, or if issued has been revoked, by the appropriate governmental authorities, provided, however, that any Assessment made pursuant to this subparagraph shall not exceed twenty-five (25%) percent of any Assessment made pursuant to subparagraph (2) immediately succeeding; and

(2) One Assessment against each Lot for which a certificate of occupancy, temporary or permanent, has been issued and has not been revoked by the appropriate governmental authority.

(b) During the period of Grantor's Control, Grantor or any Developer shall not be subject to Assessments nor be required to pay any Assessments, dues or fees. Grantor shall, or shall cause any Developer, to furnish to the Association a subsidy which, together with Assessments, dues and fees paid by other Members of the

Association, will be sufficient to maintain the Association in a sound and solvent financial condition. After the Period of Grantor's Control, Grantor and Developer shall be subject to Assessments, dues and fees in like manner as any other Member of the Association.

(c) Where the obligation to pay an Assessment first arises after the commencement of the Assessment period for which the Assessment was levied, the Assessment shall be pro-rated, as of the date when said obligation first arose, in proportion to the amount of the Assessment period remaining after said date.

(d) Prior to the beginning of each fiscal year, the Board shall estimate the Common Expenses to be incurred by the Association in exercising its powers and authority and performing its duties as provided in the Declaration or as otherwise provided by law, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Uniform and equal Assessments sufficient to pay such estimated net charges shall be levied as provided in this Section. If the sums collected proved inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association during the fiscal year in equal monthly installments on or before the first day of each month, or in such other reasonable and uniform manner as the Board may designate with the assent of a majority vote of the Members at any regular or special meeting of the Members at which a quorum is present in person or by proxy; subject, however, to the limitations of this Article.

(e) In addition to the periodic Assessments authorized above, the Association may levy special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Property and Common Elements or a capital improvement upon Common

Property and Common Elements or to meet any financial emergency of the Association.

(f) Assessments shall be both a personal obligation and a lien against each Lot or Townhouse and all improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

Section 3. Association Fund. The Board shall establish a fund into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association as provided in the Declaration or as otherwise provided by law.

Section 4. Late Charges. If any Assessment is not paid within ten (10) days after it is due, or within such longer period of time after due as the Board may determine, the Owner may be required by the Board to pay a late charge of eighteen (18%) percent per annum of the unpaid Assessment.

Section 5. Unpaid Assessments as Personal Liabilities and Liens. The amount of any delinquent Assessment or charge assessed against any Townhouse or Lot, and any late payment charge attributable thereto, plus interest on same charges at a rate of eighteen (18%) percent per annum simple interest, and the costs of collecting the same, including reasonable attorneys' fees, shall be both a personal liability of the Owner, enforceable in any court of competent jurisdiction, and a lien upon such Lot or Townhouse and any improvements thereon. Such lien shall be prior to any homestead exemption. Such lien may be foreclosed in the same manner as is provided in the laws of the State of New Jersey for the foreclosure of mortgages on real property.

Upon the sale, conveyance or any lawful transfer of title to a Townhouse or Lot, all unpaid Assessments, charges and expenses chargeable to the Lot or Townhouse shall first be paid out of the sales price in preference to any other Assessments or charges of whatever nature except: (1) Assessments, liens and charges for taxes, past

due and unpaid, on the Unit; and, (2) payments due under bona fide first mortgages, duly recorded.

A certificate executed and acknowledged by any member of the Board or any officer of the Association stating the indebtedness secured by such lien shall be conclusive upon the Association as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith, and such certificate shall be furnished to any Member upon request at a reasonable fee, not to exceed Ten (\$10.00) Dollars.

ARTICLE VIII

Board of Trustees

Section 1. Board of Trustees. The affairs of the Association shall be managed by a Board of Trustees composed of five (5) members. The term of office for each trustee shall be for one (1) year or until his successor is elected and qualified. In the event of a vacancy on the Board for any reason, the remaining members of the Board of Trustees shall appoint a successor to fill the vacancy until the next regular meeting of the membership, at which time the vacancy shall be filled for the unexpired term of the incumbent whose death, resignation, removal or disqualification created the vacancy; provided, however, in the event a member of the Board of Trustees who has been elected by Members other than Grantor or a Developer is removed or resigns, then that vacancy shall be filled by a Trustee elected by Members other than Grantor or a Developer.

Section 2. Elections of Trustees. Election of persons to the Board of Trustees shall be by written ballot. At such election the Members or their proxies may cast in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Article IV. The Persons receiving the largest number of votes shall be elected.

Section 3. Nominations. Nomination for election to the Board of Trustees may be made by The Nominating Committee, or by nomination by individual Members present at the meeting, in person or by proxy, at which the election is held. The Nominating Committee shall consist of three (3) individuals and shall include a Chairman, who shall be a member of the Board of Trustees. The Nominating Committee shall be appointed by the Board of Trustees.

Section 4. Nominating Committee. The Nominating Committee shall make as many nominations for election to the Board of Trustees as it shall in its discretion determine, but not less than the number of vacancies to be filled. Such nominations may be made from among members or non-members as the Nominating Committee in its discretion may determine, and the Nominating Committee may seek suggestions from representative mortgage lenders who hold home mortgages on Lots or Townhouses within the Property. Corporate members may nominate and vote for members of the Board of Trustees.

Nominations may be placed on a written ballot and shall be made in advance of the time fixed for the mailing of such ballots to Members.

Section 5. Meetings. Annual and special meetings shall be held as specified in Article V. Elections for members of the Board of Trustees shall be held at either annual meetings or special meetings called for such purpose. If necessary to comply with the requirements set forth in Article IV, Section 5, relating to the turnover of control from the Grantor to the owners, a special meeting may be held.

Section 6. Ballots. All elections to the Board of Trustees shall be made on written ballot which shall (a) describe the vacancies to be filled; (b) set forth the names of those nominated by The Nominating Committee for such vacancies; and (c) contain a space for a write-in vote by the Members for each vacancy. Such ballots shall be prepared and mailed by the Secretary of the Association, to the Members at least fifteen (15) days in advance of the date set forth thereon for their return which

shall be a date not later than the day before the annual meeting or special meeting called for such election.

Section 7. Number of Votes. Each Member shall be entitled to cast as many votes for each candidate or nominee as they are entitled to exercise under the provisions of Article IV. Ballots returned to be voted by proxy shall be placed in a sealed envelope, on the outside of which shall appear the number of votes cast by the Member, the name, address and signature of the Member. Each Ballot shall be signed by the Member or the Member's proxy. Each proxy shall be signed by the Member and shall be filed with or prior to the Ballot to be cast by the proxy so appointed. Proxies shall be delivered to the Association Secretary at the address set forth on the Ballot.

Upon receipt of each return, the Secretary shall place the same in a safe or other secure place until the hour set for the meeting at which the election is to be held. At the time and place appointed for the election, the sealed envelopes containing the Ballots shall be delivered by the Secretary, unopened, to an Election Committee of three (3) inspectors appointed by the Board of Trustees, none of whom shall be either a Candidate or Nominee. If there are three or more inspectors, the act of a majority shall govern. The Election Committee shall then adopt a procedure which shall establish:

- (a) the number of memberships outstanding and the voting power of each;
- (b) the members represented at the meeting (c) the existence of a quorum
- (d) the validity and effect of proxies
- (e) the receipt of votes or consents
- (f) the hearing and determination of all challenges and questions arising in connection with the right to vote

Such procedure shall be taken in such manner that the vote of any Member or his proxy shall not be disclosed to anyone.

The Election Committee, having first noted the Members voting the votes which such Members are entitled to cast, shall proceed to open the sealed envelopes, to count the Ballots, tally the votes so counted and report the result to the Secretary, who in turn shall at the conclusion of the election, declare the names of the Trustees so elected, and shall in due course give written advice to the Members of the result. On request of the person presiding at the meeting or any member entitled to vote at the meeting, a written report shall be made by the inspectors of any challenge or matter in which they have made a determination.

If any Ballot envelope is found to contain more than one Ballot or a Ballot should purport to cast more votes than those to which the Member is entitled, the extra Ballot or Ballots shall be disqualified and shall not be counted. Immediately after the announcement of the results, unless a review of the procedure is immediately demanded by the Members present, the Ballots and the outside envelopes shall be destroyed.

ARTICLE IX

Powers and Duties of the Board of Trustees

Section 1. Powers. The Board of Trustees shall have the power:

- (a) To call special meetings of Members whenever it deems it necessary;
- (b) To appoint and remove at its pleasure all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, and require from them such security or fidelity bond or other indemnity as it may deem expedient or prudent. Nothing in these By-Laws shall be construed to prohibit the employment of any Member, Officer, or Trustee of the Association in any capacity whatsoever;
- (c) To establish, levy, assess, and collect the Assessments or charges referred to in the Declaration including the right to collect Assessments in advance;

(d) To adopt and publish rules and regulations governing the use of the Common Property, Common Elements and the personal conduct of the Members Associates and their guests thereon and to insure the Common Property and Common Elements;

(e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association by the Declaration; (f) To authorize contracts with persons, firms or corporations to carry out any of the functions, powers, duties and responsibilities delegated to it for the benefit of the Association;

(g) While the Grantor or his assigns maintains a majority of the Board of Trustees, they shall make no additions, alterations, improvements or purchases not contemplated herein which would necessitate a special assessment or substantial increase in the monthly assessment unless required by a government agency, title insurance company, institutional mortgage lender or in the event of an emergency; and

(h) The Grantor and his assigns shall not be permitted to cast any votes held by him for unsold Townhouses or Lots to amend the Declaration, these By-Laws, or any other document, for the purpose of changing the permitted use of any sold Lot or Townhouse, or for the purpose of reducing the total Common Property affecting any sold Lot or Townhouse.

Section 2. Duties. It shall be the duty of the Board of Trustees:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a report thereof to the Members at the annual meeting or at any special meeting when so requested in writing by Members entitled to cast at least one-fourth (1/4) of the total votes eligible to be cast;

(b) To supervise all officers, agents and employees of the Association, and to see that their duties and functions are properly discharged;

(c) To fulfill those duties as more fully provided in the Declaration applicable to the Property;

1) To fix the amount of the assessment against each Townhouse or Lot for each assessment period at least thirty (30) days in advance of the date or period when the same is to become effective; and, at the same time;

2) To prepare and maintain a roster of the Lots and Townhouses and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member; and at the same time;

3) To send written notice of each assessment to any owner subject thereto;

(d) To issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE X

Meetings of Trustees

Section 1. First Meeting. The first meeting of the Board of Trustees shall be held no later than the second Wednesday in November or sixty (60) days following the sale of eighty-five (85) of the Townhouses or Lots, whichever shall first occur.

Section 2. Regular Meetings. A regular meeting of the Board of Trustees shall be held during the first week of February of each calendar year, and at more

frequent intervals as the Board in its discretion may deem expedient. Meetings may be adjourned by the Board to a date later than the times so stated. No notice need be given to the Members of the Board of such regular quarterly meetings.

Section 3. Special Meetings. Special meetings of the Board of Trustees shall be held upon the call of the President or any officer of the Association or by the call of any two (2) or more members of the Board of Trustees. The President may call a special meeting to effectuate the transfer of power from the Grantor to the Lot or Townhouse Owners. Notice shall be given to any Trustee except those who sign a waiver of notice either before or after the meeting.

Section 4. Trustees Participation. Any Trustee may take part or participate in a meeting of the Board or Committee of the board by telephone or any other means of communication which enables all parties to hear each other during the course of the meeting.

Section 3. Business Transacted. The transaction of any business at any meeting of the Board of Trustees of the Association however called and noticed, or wherever held, shall be valid as though a meeting duly held after regular call and notice if a quorum is present, and if, either before or after the meeting, each Trustee signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof or of the resolution or act adopted at such meeting. All such waivers, consent, 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.

Section 6. Quorum. A majority of the Board of Trustees shall constitute a quorum thereof.

ARTICLE XI

Officers

Section 1. Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer and such Assistant Secretaries and -Is-

Assistant Treasurers as may be determined by resolution of the Board of Trustees. The President and the Vice President shall be members of the Board of Trustees.

Section 2. Manner of Election. The officers shall be elected by a majority vote of the Board of Trustees and shall hold office at the pleasure of the Board of Trustees.

Section 3. President. The President shall preside at all Board meetings, and shall administer the enforcement of all Board resolutions, orders and policies and shall sign any and all notes, checks, contracts, leases, mortgages, deeds and other instruments.

Section 4. Vice President. The Vice President shall perform all the duties of the President in the absence of the President for any cause.

Section 5. Secretary. The Secretary shall be ex officio Secretary and Clerk of the Board of Trustees and at all meetings of the Members shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. The Secretary shall keep the records of the Association and shall keep a roster of the names and addresses of all the Members of the Association. Members shall have the duty to inform the Secretary of any change in address.

Section 6. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees, provided, however, that such resolution shall not be necessary for disbursements made in the usual course of business conducted within the budget limitations adopted by the Association. Such routine disbursements shall include by way of illustration but not of limitation: salaries and wages, payment of taxes assessed against the Common Property, utility charges, rent installments, insurance premiums, service contract payments, stationery and postal charges, all of which shall be made against vouchers or invoices upon which the

items, materials or services for which compensation is sought are clearly set forth. The Treasurer shall sign all checks and notes of the Association.

The Treasurer shall keep proper and accurate books of account and shall cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year. The Treasurer shall prepare an annual budget and an annual balance sheet statement, both of which shall be presented to the membership at its annual meeting.

Section 7. Assistant Officers. Assistant Secretaries and/or Assistant Treasurers may assist the Secretary and/or Treasurer and, during the absence of either, shall perform the duties of such office.

ARTICLE XII

Committees

Section 1. Standing Committees. The Standing Committees of the Association shall be:

The Nominating Committee
The Maintenance Committee
The Audit Committee
The Architectural Committee

At least one member of each Standing Committee shall be a member of the Board of Directors.

Section 2. The Nominating Committee shall have the duties and functions described in Article VIII.

Section 3. The Maintenance Committee shall advise the Board of Trustees on all matters pertaining to the maintenance, repair or Improvement of the Common Property and Common Elements of the Association, and shall perform such other functions as the Board in its discretion shall determine.

Section 4. The Audit Committee shall supervise the annual audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex officio member of the committee.

Section 5. The Architectural Committee shall review and approve or disapprove plans and specifications for modifications, additions and alterations to property within the Association.

Section 6. Delegation. With the exception of the Nominating Committee each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 7. Duties. It shall be the duty of each committee to make, adopt and publish rules pertaining to the organization of each such committee, to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, trustee or officer of the Association as is further concerned with the matter presented.

ARTICLE XII

Books and Papers

Section 1. Inspection. All books, records, papers and files of the Association shall at all times during reasonable business hours, upon request, be open to the inspection of any Member or Mortgagee of the Association, as well as to any duly licensed attorney or certified public accountant representing any Member of the Association or a Mortgagee within the Association.

ARTICLE XIV

Corporate Seal

Section 1. Seal. The Association shall have a seal in circular form having within its circumference the words The Montgomery Woods Homeowners Association, Inc.

ARTICLE XY

Amendments

Section 1. Amendments. General provisions of these By-Laws may be amended by a majority of the votes cast by those Members present personally or by proxy at any regular or special meeting, provided notice thereof shall have been given, and provided, further that those provisions of these By-Laws which are governed by the Certificate of Incorporation of the Association or by the Declaration applicable to the Association may not be amended except as provided in said Certificate of Incorporation of the Association or by the Declaration applicable to the Association, and this limitation shall be applicable whether the specific By-Law under consideration for amendment is either stated to be or, if not so stated, is, in fact, subject to the provisions of either the Certificate of Incorporation or the Declaration affecting the Association. In any such case, the manner and period of Notice and the quorum requirements in such instruments set forth shall be controlling.

Notwithstanding anything herein to the contrary, for so long as the Grantor or any Developer shall own one or more Lot or Townhouse unsold in the ordinary course of business:

- A. These By-Laws may not be amended without the Grantor's written consent if the effect of such amendment would be detrimental to any right or interest of Grantor or any Developer.

B. The Grantor shall have the right to amend these By-Laws without the requirement of any vote, approval or consent of any Lot or Townhouse Owner (or mortgagee in the case of an amendment which does not affect the validity of the lien of its mortgage) for any lawful purpose, provided that such amendment is required by any title insurance company, mortgage lender, prospective mortgage lender, governmental authority or governmental agency, or is pursuant to the provisions of the Declaration.

Section 2. Conflict. In the case of any conflict between any provision in the Declaration and these By-Laws, the provisions of the Declaration shall control.

ARTICLE XVI

Notices

Section 1 Notice Any notice required to be sent to any Member or Trustee under the provisions of the Declaration or Certificate of Incorporation or these By-Laws shall be deemed to be given upon mailing, postage prepaid, to such Member or Trustee at his last known address as shown on the records of the Association. Notice to a co-owner of a Lot or Townhouse shall constitute notice to all co-owners of said Lot or Townhouse. Except as specifically provided for in these By-Laws, the Certificate of Incorporation and the Declaration, notice indicating the time, place and purposes of each meeting shall be given not less than ten (10), nor more than sixty (60) days before the meeting.

ARTICLE XVII

Miscellaneous

Section 1. Invalidity. The invalidity of any provision of these By-Laws, whether by operation of law or otherwise, shall not affect or impair the enforceability or validity of the remaining provisions of these By-Laws.