

EXHIBIT "C"  
BY-LAWS OF  
MARGATE TOWERS CONDOMINIUM ASSOCIATION

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BY-LAWS  
OF  
MARGATE TOWERS CONDOMINIUM ASSOCIATION

ARTICLE I - NATURE OF BY-LAWS

Section 1. PURPOSE. These By-Laws are intended to govern the administration of Margate Towers Condominium Association, a non-profit membership corporation organized under Title 15 of the Revised Statutes of New Jersey, together with the management, administration, utilization and maintenance of the Common Elements described in the Master Deed for Margate Towers Condominium.

Section 2. DEFINITIONS. Unless the context clearly indicates otherwise, all definitions set forth in the Master Deed or in R.S. 46:8B-3 are incorporated herein by reference.

Section 3. FISCAL YEAR. The fiscal year of the corporation shall be from July 1 through June 30 of each year.

Section 4. PRINCIPAL OFFICE. The office of the corporation is located at 9400 Atlantic Avenue, Margate City, New Jersey 08402.

ARTICLE II - MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. Every Unit Owner shall be a member of the Association, subject to the provisions of these By-Laws and any rules and regulations promulgated by the Board. Membership in the Association shall terminate when any Unit Owner shall cease to be the record owner of a Unit.

Section 2. VOTING RIGHTS. The voting rights of Unit Owners shall be computed on the basis of each Unit Owner's Common Interest in the Common Elements. The number of votes which each Unit shall be entitled to cast in any of the affairs of the Association requiring a vote shall be equal to the respective figures shown opposite each Unit in Exhibit "F" of the Master Deed (representing the percentage of Common Interest in the Common Elements), multiplied in each case by 100, thereby resulting in 10,000 votes in the aggregate. All of said votes shall be held by the Developer; provided, however, that upon each conveyance of title of a Unit by Developer to another Unit Owner, such Unit Owner shall become entitled to the respective vote or votes for the particular Unit or Units purchased, and the number of votes held by Developer shall be reduced accordingly. Developer's votes shall be cast by such persons as it may from time to time designate. Votes not held by Developer shall be cast in person or by proxy, as otherwise provided herein.

Section 3. SUSPENSION OF RIGHTS. The membership rights of any Unit Owner may be suspended by action of the Board during the period when such Unit Owner's Common Expense

assessments remain unpaid; but upon payment of such assessments, his rights and privileges shall be automatically restored. If the Board has adopted and published rules and regulations governing the use of the Common Elements, and the personal conduct of any person thereon, they may, in their discretion, suspend the rights of any such person for violation of any such rules and regulations for a period not to exceed thirty (30) days.

#### ARTICLE III - MEETINGS OF UNIT OWNERS

Section 1. PLACE OF MEETINGS. All meetings of the Unit Owners of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board.

Section 2. FIRST ANNUAL MEETING AND REGULAR ANNUAL MEETINGS. The first annual meeting of the Unit Owners shall be held on call by the Board no more than 60 days after the sale and conveyance of 45 Units by the Developer to other Owners. At the first annual meeting the election of Directors shall take place. If the election of Directors shall not be held at the annual meeting or any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as conveniently may be. At such special meeting the Unit Owners may elect the Directors and transact other business with the same force and effect as at an annual meeting duly called and held. All subsequent annual meetings of the Unit Owners of the Association shall be held in the month of June of each year.

Section 3. SPECIAL MEETINGS. After the first annual or special meeting, special meetings of Unit Owners may be called by the President whenever he deems such a meeting advisable, or shall be called by the Secretary when so ordered by the Board, or upon the written request of Members representing not less than twenty-five (25%) percent of all the 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 Unit Owners 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 Unit Owners held during the preceding twelve (12) months.

Section 4. NOTICE OF MEETING. Except as otherwise provided by law, notice of each meeting of Unit Owners, 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 the representative of each Unit Owner at his last known address, by delivering a written or printed notice thereof to him personally, or by mailing

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...e, postage prepaid. Except where expressly re-  
law, no publication of any notice of a meeting of  
s shall be required. Every such notice shall  
state the time and place of the meeting and shall state  
briefly the purpose(s) thereof. Notice of any meeting of  
Unit Owners shall not be required to have been sent to any  
Unit Owners who shall attend such meeting in person or by  
proxy. Notice of any adjourned meeting of the Unit Owners  
shall not be required to be given except when expressly  
required by law.

Section 5. QUORUM AND ADJOURNED MEETINGS. At each meet-  
ing of the Unit Owners, holding fifty (50%) percent of the  
otes, present in person or by proxy shall constitute a  
quorum for the transaction of business except where other-  
wise provided by law. In the absence of a quorum, the persons  
holding votes present in person and entitled to vote, by  
majority vote, may adjourn the meeting from time to time,  
until a quorum shall be present or represented. At any such  
adjourned meeting at which a quorum may be present any  
business may be transacted which might have been transacted  
at the meeting originally called.

Section 6. ORGANIZATION. At each meeting of the Associa-  
tion, the President, or, in his absence, the Vice President,  
or in the absence of both of them, a chairperson chosen by a  
majority vote of the Unit Owners present in person or repre-  
sented by proxy and entitled to vote thereat, shall act as a  
chairperson, and the Secretary, or in his absence, a person  
whom the chairperson shall appoint, shall act as Secretary  
of the meeting.

Section 7. VOTING. Except as otherwise required by the  
Articles of Incorporation, the Master Deed or any law, a  
quorum being present, a majority of votes in person or by  
proxy shall be sufficient on those matters which are to be  
voted on by the Unit Owners. All proxies shall be in writ-  
ing, signed by all individual Unit Owners or by his or their  
duly authorized representative(s) and delivered to the  
Secretary of the meeting; but no proxy shall be voted on  
after eleven (11) months from its date unless said proxy  
provides for a longer period, not to exceed three (3) years  
from the date of execution. The election of Directors shall  
be by ballot. Unless demanded by a Unit Owner in person or  
by proxy at such meeting and entitled to vote thereat or  
determined by the chairperson of the meeting to be advisable,  
the vote on any other question need not be by ballot.

Section 8. JUDGES. If at any meeting of the Unit Owners  
a vote by ballot shall be taken on any question, the chair-  
person of such meeting shall appoint two judges to act  
thereat with respect to such vote. Each judge so appointed  
shall first subscribe an oath faithfully to execute the  
duties of a judge at such meeting with strict impartiality  
and according to the best of his ability. Such judges 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 them to the Secretary of the meeting. The judges need not be members of the Association, and any officer of the Association may be a judge on any question other than a vote for or against his election to any position with the Association or any other question in which he may be directly interested.

Section 9. ORDER OF BUSINESS. The order of business at the annual meeting of the Unit Owners or at any special meetings as far 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) Receiving reports of officers.
- (e) Receiving reports of committees.
- (f) Appointment of Judges of election, if appropriate.
- (g) Election of Directors, if appropriate
- (h) Old business.
- (i) New business.
- (j) Adjournment.

#### ARTICLE IV - BOARD OF DIRECTORS

Section 1. EXPRESS AND IMPLIED POWERS AND DUTIES; DELEGATION THEREOF. The property, affairs and business of the Association shall be managed by the Board of Directors which shall have all those powers granted to it by the Articles of Incorporation, the Master Deed, these By-Laws, and by law. All of these aforesaid powers and duties are hereby irrevocably delegated to the Board of Directors of Margate Towers Condominium Association, except as may otherwise be expressly provided to the contrary.

Section 2. NUMBER, QUALIFICATIONS, ELECTION AND TERM OF OFFICE. Until the first annual meeting of the membership of the Association, and thereafter until their successors shall have been elected and qualified, the Board shall consist of five (5) persons designated by the Developer, none of whom need be Unit Owners. Thereafter, the Board shall continue to be composed of five (5) persons constituted as indicated herein. At the first annual meeting of the membership of the Association, in the event less than seventy-five (75%) percent of the Units have been sold, two (2) of the Directors appointed by Developer shall resign, and two (2) Directors who are Unit Owners shall be elected by a majority of the votes entitled to be cast at said duly convened meeting. Said Directors shall serve for a one-year term, and all successors to these Directorships shall serve for a one-year term, unless otherwise indicated herein with respect to

removal or vacancies. In the event seventy-five (75%) percent or more (but less than one hundred (100%) percent) of the Units have been sold in the normal course of business, at the time of the first annual meeting of the membership of the Association, or at such time as seventy-five (75%) percent of the Units have been sold (at which point a special meeting of Unit Owners shall be called by the Board, no more than sixty (60) days after the sale of seventy-five (75%) percent of the Units), two (2) additional Directors who had been appointed by Developer shall resign. Two Directors who are Unit Owners shall be elected by a majority of the votes entitled to be cast at said duly convened meeting to fill said vacancies. One of said Directors shall be elected to a one-year term, and the other Director shall be elected to a two-year term. Their respective successors shall serve for the same term, unless otherwise provided herein with respect to removal and vacancies. At such time as one hundred (100%) percent of the Units have been sold, a special meeting of the membership of the Association shall be called by the Board. At said duly convened meeting, the remaining Director who had been appointed by the Developer shall resign and a Director who is a Unit Owner shall be elected by a majority of the votes entitled to be cast to fill the vacancy so created. Said Director shall serve for a two-year term, and the successors under said Directorship shall also serve for a two-year term, unless otherwise indicated herein with respect to removal and vacancies.

In the case of partnership owners, Directors shall be members or employees of such partnership; or in the case of corporate owners, (including the Developer, during such time as Developer shall be an owner of any Units) Directors shall be officers, stockholders, employees or agents of such corporation; or in the case of fiduciary owners, Directors shall be fiduciaries or officers, or employees of such fiduciaries, provided that at least one of the Directors of the Board shall be a resident of the State of New Jersey.

The Directors of the Board shall hold office until their respective successors have been duly elected and qualified, or until removed in the manner elsewhere provided. At any vote for membership on the Board, each Unit Owner, including the Developer, shall vote in accordance with the provisions of Section 7 of Article III. If at any meeting for election of membership to the Board more than twice the number of candidates to be elected at such meeting are nominated, then and in such event there shall be two ballots for membership. At the end of the first ballot, the field of nominees shall be reduced so that there are no more than twice as many candidates running as there are positions to be filled, with the persons receiving the fewest votes being eliminated. A second ballot shall be held, and on the second ballot, the persons receiving the most votes will be elected. If there are not more than twice the number of



nominees for the number of positions to be filled, then there shall be one ballot, with the persons receiving the most votes being elected to membership on the Board. If the candidates are being elected for varying periods of years, the candidate polling the highest vote will be considered elected for the longest period of years. At each annual meeting, the Board members whose terms will then expire shall be elected by ballot of the Unit Owners in accordance with these By-Laws.

Section 3. REMOVAL OF MEMBERS OF THE BOARD. At any duly held regular or special meeting of the Unit Owners, any one or more Directors may be removed with or without cause by a majority of the votes present, and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting. This provision shall not apply to any of the five original Directors to be appointed by the Developer as set forth herein, any of which Directors may be removed for any reason by a majority of the Board.

Section 4. VACANCIES. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Unit Owners of the Association shall be filled by a vote of a majority of the remaining Directors, including the Developer's appointees, at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected shall be a Director for the remainder of the term of the Director whose term he is filling and until his successor shall be elected. Notwithstanding the foregoing, until all Units have been sold, Developer shall have the right to fill all vacancies on the Board for those positions not subject to election by Unit Owners, by appointment.

Section 5. MEETING OF THE BOARD; NOTICE; WAIVER OF NOTICE. The first meeting of the Board following the first annual meeting of the Unit Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Unit Owners at their annual meeting 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 Directors, but at least two meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Director by telephone, mail, or telegram at least three (3) business days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) business days notice to each Director given by 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) Directors. Any Director 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 a Director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 6. QUORUM AND ADJOURNED MEETINGS. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business and the votes of a majority of the Directors 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. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board.

Section 7. 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 valid as though a meeting duly held after regular call and notice, if a quorum is present; or, if, either before or after the meeting, each Director signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof or of the resolution or act adopted at such meeting. All such waivers, consents or approval, of course, 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 8. 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 extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

#### ARTICLE V POWERS AND DUTIES OF BOARD OF DIRECTORS

Section 1. GENERAL POWERS AND PRIVILEGES. The Board shall have the following powers, herein granted or necessarily implied, all of which are hereby irrevocably delegated to the Board of Directors of the Margate Towers Condominium

- (a) Employ, or by contract or otherwise, a manager, managing agent or an independent contractor, to oversee, supervise and follow out the responsibilities of the Board. Said manager or said independent contractor shall be compensated upon such terms as the Board deems necessary and proper; and
- (b) To employ any person, firm or corporation to repair, maintain and renovate all property owned, maintained or operated by the Association; to seed, sod, plant, transplant, prune, fertilize, water, cut, destroy, pull plants up or out, spray substances, put pesticides or other chemical or biological agents in, under or above the water or grounds, grass, trees, streams, waterways, including the right to dam or alter the flow of said waterways on the Condominium lands; to build, erect, repair, maintain, and renovate recreation facilities, roads, parkways, walkways, or paths; lay pipes, culverts; to bury utilities; to put up lights or poles; to erect signs and traffic and safety controls of various sorts; and
- (c) Employ professional counsel and to obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, recreation experts, architects, planners, biologists, lawyers and accountants; and
- (d) To employ or contract for water and sewer, electricity and gas or other forms of utilities, cable or master antenna television, painting, building, repairing, renovating, remodeling; and
- (e) To employ all managerial personnel necessary or enter into a managerial contract for the efficient discharge of the duties of the Board hereunder; and
- (f) To adopt, amend, and enforce rules and regulations covering the details of the operation and use of the Common Elements; provided, however, that Developer shall not have the power to amend the Rules and Regulations during the period that he has control of the Board of Directors of the Association; and
- (g) Maintain businesslike relations with Unit Owners or occupants whose service requests shall be received, considered and recorded in systematic fashion, in order to show the action taken with respect to each. As part of a continuing program, secure full performance by such Unit Owners or occupants of all such items and maintenance for which they are responsible; and

- (h) Set minimum standard for floor coverings installed by all Unit Owners in Buildings, with the exception of Developer; and
- (i) Coordinate the plans of Unit Owners and occupants of Units for moving their personal effects into the Unit or out of it, with a view towards scheduling such movements so that there shall be a minimum of inconvenience to others; and
- (j) Arrange for security protection as necessary; and
- (k) Enforce obligations of the Unit Owners and do anything and everything else necessary and proper for the sound management of the Condominium, including the right to bring lawsuits to enforce the terms, conditions and restrictions contained in the Master Deed, these By-Laws and any rules and regulations governing the Condominium or Unit Owners; and
- (l) Any and all other powers granted to the Board by the Condominium Documents and the Condominium Act.

Section 2. NON-DELEGATED POWERS. All of the following powers may be exercised by the Board and shall not be delegated to any other entity:

- (a) Borrow and repay monies giving notes, mortgages or other security upon such term or terms as it deems necessary; and
- (b) Invest and reinvest monies, sue and be sued; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court; and all other powers contained herein, and those necessary and incidental thereto; and
- (c) Grant and obtain easements, licenses and other property rights with respect to contiguous lands and lands included within the community known as "Margate City"; and
- (d) Purchase or lease or otherwise acquire in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit Owners within the Condominium, Units offered for sale or lease or surrendered by their Owners to the Board; and

- (e) Purchase Units within the Condominium at foreclosure or other judicial sales in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit Owners; and
- (f) Sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Units acquired by, and sublease such Units leased by the Association or its designees, on behalf of all Unit Owners; and
- (g) Lease or license the use of any portion of the Common Elements in a manner not inconsistent with the rights of Unit Owners.

Section 3. DUTIES AND RESPONSIBILITIES. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following, all of which are hereby irrevocably delegated to the Board of Directors of the Margate Towers Condominium Association, except as may otherwise be expressly provided to the contrary herein or in the Master Deed or Articles of Incorporation:

- (a) Cause the Common Elements to be maintained according to accepted standards and as set forth in the Master Deed, including, but not limited to such maintenance, replacement and repair work as may be necessary; and
- (b) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain the exterior and roofs of the aforesaid Units (excluding window glass) and to properly maintain and operate the Common Elements. Compensation for the services of such employees shall be considered an operating expense of the Association; and
- (c) Cause to be kept a complete record of all its acts and corporate affairs and to present a report thereof to the members at the annual meeting or at any special meeting when so requested in writing by members eligible to cast at least twenty-five (25%) percent of the total votes eligible to be cast; and
- (d) Allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Elements in accordance with the provisions of these By-Laws and the Master Deed after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; provided, however, that Developer shall not have the power to make additions and improvements to the Condominium Property during the period that he has control of the Board of Directors of the Condominium Association; and

- (e) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, and order of the Board of Fire Underwriters or other similar bodies; and
- (f) To place and keep in force all insurance coverage required to be maintained by the Association, applicable to its property and members, as set forth in Paragraph 12 of the Master Deed; and
- (g) To manage the fiscal affairs of the Association as hereinafter provided in Article VI.

#### ARTICLE VI FISCAL MANAGEMENT

Section 1. Common Receipts. The Board shall have the duty to collect from each Unit Owner, his, her, or their heirs, administrators, successors and assigns, as "Common Receipts", a proportionate part of the Common Expenses assessed against such Unit Owner as provided in the Master Deed, the Articles of Incorporation, these By-Laws, and in accordance with applicable law.

Section 2. Determination of Common Expenses. 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.

Section 3. 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 Master Deed, Articles of Incorporation, and applicable law.

Section 4. 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.

Section 5. Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be Common Expenses:

- (a) Current expenses, which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures

chargeable to reserves, or to additional improvements, or to operations. The balance of this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership as the Directors shall determine.

- (b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.
- (c) Reserves for replacement, which shall include funds for repair or replacement of Common Elements or other facilities and of the Association required because of damage, depreciation or obsolescence, and which shall be allocated among each of the separate categories of replacement items.
- (d) Reserves for capital improvements, which shall include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the Common Elements.
- (e) Operations, which shall include any gross revenues from the use of the Common Elements 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 assessments for current expenses for the year during the one in which the surplus is realized, or at the discretion of the Board, in the year following the one in which the surplus is realized. Losses from operations or otherwise shall be met by special assessments against Unit Owners, which assessments may be made in advance in order to provide a working fund.

Section 6. Reserves. The Board shall not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Notwithstanding anything herein to the contrary, the Board in its determination of the Common Expenses and the preparation of a budget shall specifically designate and identify what portion of the Common Expenses to be assessed against the Unit Owners is allocable to reserves. The amounts thus assessed and collected for reserves shall be kept in interest-bearing savings accounts. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its function.

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Section 7. The Board shall give notice to each Unit Owner, in writing, and to any Unit mortgagee who requires same, of the amount estimated by the Board for Common Expenses for the management and operation of the Association for the next ensuing period, directed to the Unit Owner at his last known address by ordinary mail, or by hand delivery. Said notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails. 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 assessment, and monthly installments on such assessment shall be due upon each installment payment date until changed by an amended 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 which cannot be met by reserve funds earmarked for such contingency.

Section 8. Acceleration of Assessment Installment Upon Default. If a Unit Owner shall be in default in the payment of an installment upon a Common Expense assessment, the Board may accelerate the remaining installments of the assessment upon notice to the Unit Owner, and the then unpaid balance of the Common Expense assessment shall come due upon the date stated in the notice, but not less than five (5) days after delivery of the notice to the Unit Owner, or not less than ten (10) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur. This penalty shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association, Developer, and/or other Unit Owners are otherwise legally entitled, including, but not limited to, (a) file a lien for past due assessments and accelerated assessments as permitted by the Condominium Act; (b) foreclosing said lien pursuant to law; (c) file suit to collect past due assessments; and (d) withholding of Association privileges without in any manner negating the obligations to pay for same.

Section 9. 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 an interest or late charge at the legal maximum if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said charges by resort to counsel, the Board may add to the aforesaid charge or charges a sum or sums of twenty (20%) percent of the gross amount due as counsel fees, in addition to such costs allowable by law.



Section 10. Power of Attorney to Mortgagee. In the event the Board shall not cause the enforcement procedures provided in Section 8 above to be implemented within the time provided, the first mortgagee of any Unit as to which there shall be such unpaid assessments is hereby irrevocably granted a power of attorney to commence such actions and to do such things, all in the name of the Association. The said power of attorney is expressly stipulated to be coupled with an interest in the subject matter. The Association shall pay to such mortgagee all reasonable expenses which may be incurred by such mortgagee in furtherance of the exercise of the powers herein granted to such mortgagee as above provided.

Section 11. Annual Audit. The Board shall submit the books, records, and memoranda to an annual audit by an independent certified public accountant who shall audit the same and render a certified or uncertified report therein in writing to the Board and in summary form to the Unit Owners and such other persons, firms or corporations as may be entitled to same.

Section 12. Examination of Books. Each Unit Owner shall be permitted to examine the books of account of the Board at a reasonable time on business days; provided, however, that the Treasurer has been given at least ten (10) days prior written notice of the Unit Owner's desire to make such an examination.

Section 13. Fidelity Bonds. Fidelity bonds may be required by the Board from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors. The premiums on such bonds shall be paid by the Association, and shall constitute a Common Expense.

#### ARTICLE VII - OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice-President, both of whom shall be members of the Board, a Secretary and a Treasurer. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in their judgment may be necessary. Any two (2) offices, except that of President and Vice-President, may be held by one person.

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

Section 3. Removal of Officers. Upon an affirmative vote of a two-thirds majority of the Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. Duties and Responsibilities of Officers.

- (a) The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.
- (b) The Vice-President shall take the place of the President and perform his 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 Director to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.
- (c) The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the members of the Association; he shall have charge of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.
- (d) The Treasurer shall have the 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. He shall be responsible for the deposit of all monies and other valuable effects in the same, and to the credit of the Association in such depositories as may from time to time be authorized by the Board.

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

Section 6. Eligibility of Directors. Nothing herein contained shall prohibit a Director from being an officer.

#### ARTICLE VIII COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS AND DIRECTORS

Section 1. Compensation. No compensation shall be paid to the President or the Vice-President or any Director for acting as such Officer or Director. 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 or director from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association.

Section 2. Indemnification. Each Director and officer of the Association, and their delegates, 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 made a party by reason of his being or having been a Director or officer of the Association, or delegate, except as to matters as to which he shall be finally bound 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.

Section 3. Exculpability. Unless acting in bad faith neither the Board as a body nor any Director nor any officer of the Association, nor the delegates of any of them, shall be personally liable to any Unit Owner in any respect for any action or lack of action arising out of the execution of his office. Each Unit Owner shall be bound by the good faith actions of the Board and officers of the Association, or their delegates, in the execution of the duties of said Directors and officers. The foregoing, however, does not apply with respect to Board Members or officers appointed by Developer, who are liable as fiduciaries to Unit Owners for their acts or omissions.

#### ARTICLE IX ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY THE ASSOCIATION

Whenever, in the judgment of the Board, the General Common Elements require improvements costing in excess of \$10,000.00, said improvements shall not be made unless they have been approved by a majority of votes at a meeting at which a quorum is present. When said approval has been obtained, all Unit Owners shall be assessed for the cost thereof as a Common Expense. In the event of any emergency which could cause damage to any Building or part(s) thereof, the Board may expend sums in excess of \$10,000.00 to protect the said Building or part(s) and the judgment of the Board shall be final.

#### ARTICLE X ENFORCEMENT

Section 1. Enforcement. The Association shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: self-help; sending notice to the offending party to cause certain things to be done or undone; restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

Section 2. Fines. The Association shall also have the power to levy fines against any Unit Owner(s) for violation(s) of any rule or regulation or use restrictions contained in the Master Deed or By-Laws except that no fine may be levied for more than \$10.00 for any one violation but for each day a violation continues after notice it shall be considered a separate violation. Collection of the fines may be enforced against any Unit Owner(s) involved as if the fine were a Common Expense owed by the particular Unit Owner(s).

Section 3. Waiver. No restriction, condition, obligation or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

#### ARTICLE XI AMENDMENTS

These By-Laws, or any of them, may be altered or repealed, or new By-Laws may be made, at any meeting of the Association duly constituted for such purpose, and previous to which written notice to Unit Owners 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% of the votes entitled to be cast in person or by proxy, except that (i) the first annual meeting may not be advanced, (ii) the first Board (including replacements in case of vacancies) may not be enlarged or removed, (iii) the obligation or the proportionate responsibility for the payment of Common Expenses with respect to Units or the Common Elements may not be changed by reason of any such amendment or repeal, and (iv) the provisions concerning the turning over of control of the Condominium Association by Developer to Unit Owners may not be amended.

#### ARTICLE XII CONFLICT: INVALIDITY

Section 1. Conflict. Anything to the contrary herein notwithstanding, if any provision of this Instrument is in conflict with or contradiction of the Master Deed, or with the requirements of any law, then the requirements of said Master Deed or law shall be deemed controlling.

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

#### ARTICLE XIII NOTICE

Any notice required to be sent to any Unit Owner under the provisions of the Master Deed or Articles 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 Unit 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 Unit shall constitute notice to all Co-Owners. It shall be the obligation of every Unit Owner to immediately notify the Secretary of the Association in writing of any change of address.

#### ARTICLE XIV CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Margate Towers Condominium Association".