

**INTRODUCTION TO CRESTWOOD VILLAGE CO-OP, INC.**  
**(As Amended September 21, 2009)**

The Introduction is a summary of the governing documents of Crestwood Village Co-op, Inc., which includes its Articles of Incorporation, By-laws and Rules and Regulations. Those documents themselves and not this Introduction are the authorities for the administration of the Co-op.

In very broad terms, a Co-Operative is a joint undertaking by people with a common interest. The common interest of this Co-Operative is housing – as attractive, peaceful and economical as possible. This Co-Operative is a corporation in which each member is part owner of all the Co-Operative assets. Title to the land, buildings and equipment is in the Co-Operative's name, not in the individual's name. Each member is entitled to a Membership Certificate and Proprietary Lease for a dwelling unit. Each member is entitled to a vote as to how the Co-Operative shall be managed. A Board of Trustees is elected by the membership for this purpose.

Crestwood Village Co-Op, Inc. was incorporated pursuant to Chapter 15 of the Laws of the State of New Jersey as a non-profit corporation on May 10, 1965. As set forth in Article II of its Certificate of Incorporation, the main purpose for which the Co-Operative was formed was to provide housing on a co-operative non-profit basis for its membership. Each member is entitled to a Proprietary Lease for a designated dwelling unit.

Pursuant to the prospectus of the developer, the Co-Operative was to be put under the independent control and management of a Board of Trustees elected by its membership, which transfer occurred on July 1, 1970. A Board of Trustees elected for the first time by the membership assumed full and independent control of the Co-Operative.

**1. LAND ON WHICH UNITS ARE LOCATED**

The land area of the Co-Operative comprises 189.60 acres located at Whiting, Manchester Township, Ocean County, New Jersey. It is listed on the Township tax rolls under various block and lot numbers based upon location and acreage.

All of the Co-Op land is free and clear of any mortgages, liens or other encumbrances. These premises are insured by Chicago Title Insurance Company in the amount of \$5,000,000.00.

The Co-Op is located 16 miles from Lakewood – 8 miles from Exit 80 of the Garden State Parkway – 81 miles south of New York – 71 miles south of Newark and 40 miles east of Philadelphia. Shopping centers are located in Whiting, Toms River, Lakehurst, Brick and the Ocean County Mall.

The Co-Op provides bus service for the purpose of transporting members to nearby shopping centers and houses of worship pursuant to schedules formulated by the Board of Trustees. The cost of the bus service is included in the monthly carrying charge.

## **2. BUILDINGS**

Erected upon the Co-Op lands are 355 residential buildings which include 1,016 residential units. The Co-Op offers to its membership a choice of one or two bedroom units. There are 153 buildings in which are included four units (called quads) and 202 buildings which are two units (called duplexes). There are 161 small duplexes and 41 of the larger size. All units are on ground level. There is attic storage space. There is a crawl space beneath the main living area. Also erected on the Co-Op lands are a clubhouse and a maintenance building.

## **3. RECREATION FACILITIES**

Recreation facilities at the Co-Op include a community recreation hall, a picnic grove, a shuffleboard court, a 9-hole par three golf course, and a bocce court.

## **4. FACTS RELATING TO CERTIFICATE OF INCORPORATION**

The Certificate of Incorporation of the Co-Op provides, among other things, that the primary purpose of the Co-Op is to provide homes and recreational facilities for its members, and that its members are entitled to Proprietary Leases entitling them to occupy a certain unit located within the premises. The Certificate of Incorporation empowers the Co-Op to buy and sell land, improve the premises, enter into contracts (such as management, maintenance and construction contracts) and other functions deemed necessary in order to carry out its purposes and intentions.

## **5. FACTS RELATING TO BYLAWS**

The Bylaws of the Co-Op provide, among other things, that a Membership Certificate shall not be sold or transferred except as therein provided; that the Proprietary Lease of the transferor shall be terminated upon such transfer and that the transferee shall thereupon be entitled to a new Proprietary Lease; that the Co-Op shall at all times have a lien upon each Membership Certificate to secure payment of all taxes, insurance, maintenance and other charges which may become due and payable by the member pursuant to the provisions of the Bylaws, Proprietary Lease, or any other agreement duly entitled into by the Co-Op to ensure the performance by the membership of the covenants and obligation of; that the Trustees, Officers, and employees of the Co-Op who are responsible for funds of the Co-Op shall be bonded by a surety company; and that all books and records of the Co-Op shall be audited annually by a Certified Public Accountant.

## **6. ACQUISITION OF MEMBERSHIP CERTIFICATE**

A Membership Certificate is available for purchase only when a current owner thereof makes one available for resale. A sale may be made directly by the owner thereof or through a sales agency.

Prior to listing a membership certificate for sale, the selling member must first advise the administrative office of the Co-op of such intention and offer the membership certificate for resale to the Co-op at a price to be agreed upon by them. Nor, can the membership certificate be put on the market for sale until an inspection has been made by the Co-op to determine its then state of repair and refurbishment which must meet a standard determined by the maintenance department of the Co-op which shall not only produce a fair market price but also maintain a high standard of structural integrity reliability and attractiveness and arrange for the completion of any such repair and refurbishment that may be required to meet that standard.

#### **7. TRANSFER OF MEMBERSHIP**

A member may sell, assign or transfer the Membership Certificate and accompanying Proprietary Lease on the open market; provide, however, that such member shall first offer that Membership Certificate for sale to the Co-Op. In the event of the death of a member, a surviving spouse may succeed to the interest of the decedent without the necessity of the approval of the survivor by the Board of Trustees. In brief, a sale, etc. can be made by the member at a price as agreed upon by the member and purchaser of member's own, or through a sales agency selected by the member. There are fees and charges payable by the seller upon said transfer. A more comprehensive statement of procedure pertaining to transfer is contained in the Bylaws of the Co-Operative.

#### **8. PROPRIETARY LEASE**

A member is entitled to a Proprietary Lease in addition to the Membership Certificate upon the payment of the full purchase price. The Proprietary Lease bestows upon the member the right of possession of the residential unit selected. This is subject to the terms and conditions as set forth in the Proprietary Lease.

The Proprietary Lease obligates the member to pay the Co-Op a monthly carrying charge equivalent to one-twelfth (1/12) of the member's proportionate share of those sums required to operate the Co-Op during its fiscal year.

The proportionate share is an estimated amount. It is subject to change. The monthly charge does not include the cost of each member's water and sewer, heat, electricity, telephone, repairs and/or replacements such as exterior doors (including garage doors), windows, screens, and cost items which pertaining to the interior of the unit.

The payment of carrying charges commences immediately upon acceptance of occupancy. The carrying charges are due and payable on the first day of each month.

The Proprietary Lease provides that it may be terminated by the Co-Op if, among other things:

- (a) The member defaults in the payment of the monthly carrying charge, and such default is not corrected within thirty (30) days following the due date;
- (b) The member engages in conduct deemed objectionable by the Co-Op as prescribed in the Bylaws, Proprietary Lease or the Rules and Regulations of the Co-Op;
- (c) The member violates any of the provisions of the Bylaws, Proprietary Lease or the Rules and Regulations subject to the provisions provided in such documents;
- (d) The member is adjudicated as bankrupt or makes a general assignment for the benefit of creditors, or the property of the member or the Membership Certificate or Proprietary Lease owned by the member is subject to a receivership order not vacated within thirty (30) days, or if such Membership Certificate or Proprietary Lease is under levy for five (5) days.

In the event a member shall fail to preserve and properly maintain the unit in which he resides, the Proprietary Lease further provides that the Co-Op reserves the right to repossess the dwelling unit by means of summary proceedings and make such repairs to the said premises as shall be necessary. In addition to the foregoing, the interest of the member in the Membership Certificate shall be subject to a lien of the Co-Op to secure the payment of all charges and assessments provided for herein, and to the extent of any expenses incurred by the Co-Op in restoring the premises to a habitable condition including but not limited to repainting, floor scraping, retiling, and any other repairs reasonably necessary. The member shall be personally liable to the Co-Op for such expenses.

The Proprietary Lease further provides that the unit referred to therein shall be used for residential purposes only, and no business, commercial or professional use shall be permitted thereon without the written consent of the Co-Op. Occupancy of any unit shall be restricted to not more than three (3) persons, one of whom shall be a member of the Co-Op of the age of 55 years or older, and all of whom shall not be less than eighteen (18) years of age. With the approval of the Board of Trustees, however, a child under the age of eighteen (18) years of age may be permitted to share occupancy on a temporary basis, not to exceed fourteen (14) days. After fourteen (14) days, they must wait ninety (90) days before being permitted to stay for another fourteen (14) days.

## **9. TAX CONSEQUENCES**

It is the opinion of the Co-Op attorney and accountant that each member is entitled to an income tax deduction of his proportionate share of all payments charged to and made by the Co-Op on account of real estate taxes and/or municipal assessments in accordance with the provisions of the Internal Revenue Code.

## **10. INSURANCE**

The Co-Op as owner of all the buildings located on its premises maintains fire, extended and broad form insurance coverage thereon. The amount of that fire insurance, etc. is based upon replacement of those buildings and is subject to annual renewal.

The Co-Op as owner of certain business property, such as furniture, furnishings, tools, equipment, and other movable property owned by the Co-op and contained in the clubhouse, maintenance buildings or other locations shall maintain insurance coverage at appropriate levels selected by the trustees in the protection of the interest of the Co-op. This business personal property does not include the belongings of the members themselves.

The Co-Op as the administrator of the community obtains bodily injury and property damage liability insurance for the Co-Op, its Board of Trustees, Officers, Employees, Committee Members and Volunteers.

It is to be noted that all of the above insurance is for the benefit of the Co-Op and not the individual members. Therefore, the members shall obtain their own insurance coverage for structural changes to their property, their personal property located therein, and protection against their responsibility with bodily injury and property damage liability. The insurance to be obtained by a member should be that commonly referred to by the insurance industry as a condominium policy and known as an H06 policy. The members HO6 policy shall list Crestwood Village Co-op, Inc. as an additional insured.

#### 11. TORT IMMUNITY

The Co-op and its members have elected to adopt for the benefit of the Co-op what is referred to as Tort Immunity under the laws of the State of New Jersey. That means that a member has given up his or her rights to sue the Co-op for its ordinary negligence in the management of its affairs. This places the burden of ordinary care upon the members themselves for the conduct of affairs, not the Co-op. That is the way it is in the world outside of Cooperative ownership.