

EXHIBIT "D"

FERNBROOKE HOMEOWNERS' ASSOCIATION, INCORPORATED
MANAGEMENT STANDARDS AGREEMENT

I. DEFINITIONS

Agreement shall mean this Management Standards Agreement.

Approval shall be deemed secured either when written notice to such effect has been received, or when thirty (30) days have elapsed following Prior Notice and no response has been received.

Association shall mean the FernBrooke Homeowners' Association, Incorporated.

Board of Trustees shall mean the Board of Trustees of the FernBrooke Homeowners' Association, Incorporated.

Financial Management shall mean billing, collection and accounting activities.

Manager shall mean a professional community management firm or an individual approved by the Board of Trustees.

Prior Notice shall mean the posting of notice to whomsoever intended or required by certified, receipt requested mail, thirty (30) days in advance of a proposed action.

Professional Community Management Firm shall mean a bona fide business enterprise that undertakes the management of or provides management consulting services to common interest residential communities which have common areas subject to care, custody, and control of an association whose members are the residents of such a community.

Property Management shall mean bid invitations, contract negotiations and supervision related to contract services, personnel and insurance coverage.

Required Insurance shall mean such insurance and related provision as set forth in this Agreement as it may be amended from time to time.

II. MANAGEMENT

A. The Board of Trustees shall employ a Manager to perform both Financial and Property Management on behalf of the Association, subject to the following requirements and conditions:

1. The Manager shall have at least a reasonable level of knowledge and understanding of such matters sufficient to advise the Board of Trustees as to actions it is considering or involved in. Such a stipulation should not be construed to mean that the Manager will offer or render the kind of advice which is restricted to licensed professionals such as attorneys, engineers and insurance agents.

2. The Board of Trustees reserves the right to solicit and negotiate arrangements with a Manager and registered, licensed professionals such as certified public accountants, lawyers, engineers and similar individuals or groups.

3. The Manager shall not accept from vendors, independent contractors or others who provide services or goods to the Association any remuneration in the form of commission, finders' fees, service fees or the like in consideration for such goods and services.

4. Financial Management Requirements:

(a) The method of accounting shall be the accrual method.

(b) In order to maintain adequate financial control procedures, the person posting cash receipts shall not be the same person as the person who deposits and/or receives the cash.

(c) The cash accounts of the Association shall not be co-mingled with accounts of any other organization or person.

(d) The Financial Manager shall provide quarterly financial reports to the Association, including at least the following:

- (1) Balance sheet and general ledger activity
- (2) Income statement, in an actual versus budget form
- (3) Cash activity report
- (4) Statement of disbursements.

When annual income exceeds \$50,000.00, the financial reports shall be provided monthly.

(e) The Financial Manager shall provide a monthly list of delinquent accounts and shall give affected members notice of assessment delinquencies of more than thirty (30) days.

(f) The Financial Manager shall continually review receipts and expenditures and provide notice, to the Board of Trustees, of actual or pending obligations which appear to represent an adverse trend relative to the adopted budget. Failure of the Manager to provide such notice shall not be construed as negligence on his part; however, this provision shall impose a standard of competency upon the Manager which, if not met, may be deemed a just cause for contract termination or removal from office.

(g) The Manager shall provide the following services in addition to those stated herein:

(1) Assessment Collection:

(A) Maintain individual account status of members.

(B) Process delinquent accounts.

To accomplish the above, the Association shall authorize the Manager to request, demand, collect and receive any and all assessments and charges which may at any time be or become due to the Association and to take such action in the name of the Association by way of legal process, or otherwise as may be required, for the collection of delinquent monthly assessments and charges in accordance with policy guidelines established by the Board of Trustees.

(2) Financial Management:

(A) Maintain a comprehensive accounting system with sufficient detail to enable a certified public accountant to prepare an annual financial report based upon an examination of the Association's books and records. The records of the Association shall be subject to examination by the Board of Trustees, its authorized agents and members at all reasonable business hours. The accounting system shall recognize the various cost control centers of the Association, including services to parcels, where services are provided to more than one parcel under a single contract or by a central staff, the Financial Manager shall provide guidelines to the Board of Trustees for allocation of services to the various cost control centers.

(B) Receive, bank and post rents due from users of non-dwelling facilities in FernBrooke as defined by plans due from concessionaires resulting from authorized operation of facilities of the Association, maintained primarily for the benefit of the members.

(3) From the funds collected and deposited in the Association's accounts hereinafter provided, cause to be disbursed regularly and punctually all utility bills, taxes, insurance premiums and other contractual obligations of the Association approved by the Board of Trustees or its designee.

(4) Provide financial and other information for annual audits, tax filings, and other required reports. (Professional costs for annual audits and all local, state and federal tax and information returns shall be borne by the Association).

(5) After consultation with the Board of Trustees and ninety (90) days before the beginning of the fiscal year, prepare a preliminary operating budget setting forth the itemized statement of the anticipated income and expenses for the new fiscal year based upon the current schedule of assessments and taking into account the general condition of the Association.

(6) All bills will be processed through a voucher system requiring the Manager's or its agent's approval. Any payment drawn from the Association funds shall require at least one signature of a Board of Trustee member approved for said purpose and at least one other designee appointed by the Board of Trustees.

5. Property Management Requirements:

(a) The Manager shall have the authority to commit Association funds up to \$1,000.00 for any single expenditure, providing such commitment does not serve to obligate the Association for more than one (1) year and that it is within the budget authorization. All other expenditures shall require prior approval by the Board of Trustees and, if more than \$1,000.00, competitive bids as well.

Notwithstanding this provision, the Manager shall have the authority to commit Association funds up to \$5,000.00 for emergency repairs immediately necessary for the preservation and safety of the Association or its members or to avoid the suspension of life support services, without prior approval of the Board of Trustee, provided prompt notice is given to the President or other designated officer of the Association.

(b) The Manager must disclose the extent of financial interest that he may have in any firm's or person's activities when such firm or person is providing goods or services to the Association.

(c) The Manager shall provide employee supervision and give advice to the Board of Trustees on personnel matters; however, the Board of

Trustees reserves the right to hire, fire and discipline all employees and set compensation rates and benefits.

(d) The Manager shall promptly investigate and provide the Board of Trustees with sufficient information to make all necessary written reports as to all accidents or claims for damage relating to management, operation and maintenance of the common properties and facilities, including any damage or destruction to the common properties and facilities, and shall cooperate and make any reports required by any insurance company in connection herewith.

(e) The Manager shall provide such number of inspections to the properties as is necessary to monitor the level of performance of the service contractors and personnel, and to ascertain the general condition of the common properties and facilities areas. The Manager shall submit a written summary report to the Board of Trustees covering any problem areas, action taken, and recommendation for improvements.

(f) The Manager shall compile, assemble and analyze data to prepare specifications and to call for some bids on expenditures greater than \$1,000.00, requests for bids may be advertised in the Association's newsletter in advance of any decision.

(g) The Manager shall analyze and compare bids and advise the Board of Trustees of all bids submitted.

6. The term of the management contract shall be for not more than two (2) years and allow termination after sixty (60) days' written notice. The contract may be renewed with the same Manager by agreement between the parties for successive two year periods.

III. INSURANCE

A. Location of Policies - The Association shall retain the original of all insurance policies whatsoever in place of safekeeping such as in a safe, a safety deposit box, or in the Manager's office.

B. Notice of Change in Insurance Coverage - No change whatsoever in the coverage provisions, as to the risks covered, the ratio to value of coverage or endorsements by way of additions, deletions or modifications may be effected by the Association without prior written notice to the Board of Trustees as regards required insurance.

C. Qualifications of Insurance Carrier:

1. The insurance carrier issuing required insurance shall have a financial rating by Bests' Insurance Report of BBB+ at a minimum.

2. The insurance carrier issuing required insurance must be specifically authorized by laws of and licensed by the State of New Jersey to transact such business as required to provide the required insurance.

3. The policyholder's rating of the insurance carrier issuing required insurance shall be A or better.

D. Policy Provision as to Coverage, Amounts and Endorsements.

1. Property Insurance - A policy of property insurance in the amount equal to the full replacement value (i.e. 100% of the current "replacement cost" exclusive of land, excavation and other items normally excluded from coverage) of the common facilities owned by the Association (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, and if economically feasible a "Demolition Endorsement" or its equivalent, and an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent. The Policy shall afford protection again at least the following:

(a) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement, debris removal, vandalism, malicious mischief, windstorm and water damage, and

(b) Such other risks as customarily covered with respect to projects similar in construction, location and use.

2. Public Liability Insurance - A comprehensive general liability insurance policy covering the Association and owners, including but not limited to endorsement for Blanket Contractual, Broad Form Property Damage, Additional Interest of Employees, Auto and Watercraft, Non-Ownership, Fire Damage, Legal Liability, Personal Injury and Advertiser's Liability, World-Wide Products, Incidental Malpractice, Host Liability and Medical Payments, as may be applicable.

The public liability coverage at a minimum shall be structured as follows:

(a) A policy providing for \$100,000.00 coverage for each person and \$300,000.00 coverage for each occurrence shall be maintained in full force; and

(b) \$50,000.00 property damage liability; and

(c) A \$1,000,000.00 "umbrella" all-risk policy shall be maintained in full force covering, in addition to the above items, such other risks as are customary under all-risk policy with an insured's retained limit of no more than \$10,000.00 for coverages not insured by the underlying insurance.

3. Personnel Coverages - Should the Association employ personnel, all coverages required by law, such as Worker's Compensation and Employers' Liability, shall be maintained in full force. A specific prohibition exists under this Agreement against the Board of Trustees "contracting" with any person who is not a bona fide independent contractor. The Board of Trustees shall obtain from each contractor his employer identification number, and where applicable, evidence of having a policy in force of general liability and property damage acceptable to the Board of Trustees.

4. Insurance Provisions - In all cases as applied in paragraph 1, Property Insurance, above, and to the extent clearly applicable to paragraph 3, Personnel Coverage, the insurance obtained shall be subject to the following provisions and limitations:

(a) The named insured shall be the Association who, through the Board of Trustees, acting as trustee for the owners collectively and severally, shall negotiate loss claims, receive and administer funds received pursuant to claim settlement.

(b) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Agreement be brought into contribution with insurance purchased by the owners of the Living Units or Lots or their mortgagees.

(c) Such policies shall provide that coverage shall not be prejudiced by: (i) any act or negligence of the owners of Living Units or Lots, (ii) conditions over which the Association has no control.

(d) All policies shall provide that coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without prior notice to the insured.

(e) All such policies shall contain a waiver of subrogation endorsement.

(f) All policies of property insurance shall provide that, notwithstanding any provision thereof which give the carrier the right not to make a cash settlement in lieu of the right to restore, such option shall not be exercisable without the prior written approval of the Board of Trustees.

(g) Each and every policy for required insurance shall contain a stipulation that the carrier received a copy of the Governing Documents, including this Agreement, and that all provisions of each and every policy issued are in conformance with the provision of said instruments as the carrier shall have been in possession of at the time of issuance of such policies.

5. Fidelity Insurance - The Board of Trustees shall be required to maintain adequate fidelity coverage to protect against loss of money through any fraudulent, dishonest acts on the part of the officers, directors, employees or others who are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

(a) All such fidelity bonds shall name the Association as an obligee.

(b) In determining the amount of coverage, the Board of Trustees shall consider such factors as projected annual income reserve account balances, financial control procedures, recommendations of its auditor.

(c) Such fidelity bonds shall contain an endorsement affording coverage for non-compensated officers and directors.

(d) Such fidelity bonds shall provide that they may not be canceled or adversely modified (including cancellation for non-payment of premium) without at least fifteen (15) days' prior notice to the insured.

IV. RESERVE ACCOUNTS

A. The Board of Trustees shall maintain in a separate interest-bearing account, Reserves for Operations and Capital Replacement and Repair, wherein are placed the annual contributions from members to such Reserves, which contributions shall be conclusively presumed a contribution to the capital of the Association.

B. The annual contribution to the Reserves for the Operations shall be equivalent to the three (3%) percent of assessment income for the year. The annual contribution to the Capital Replacement and Repair Reserve shall be equivalent to the cost of replacement or divided by the life of each major capital improvement owned by the Association, according to the schedule of Reserves approved by the Board of Trustees from time to time.

C. Withdrawals:

1. Withdrawals from any Reserves account shall be authorized by a two-thirds (2/3) vote of the Board of Trustees.

2. Withdrawals from the Capital Replacement Reserves may only be used for restoration, repair and replacement of existing capital improvements, not for new facilities or additions or improvements to existing facilities or property.

3. Operating Reserve withdrawals may only be used for unanticipated major expenditures, uninsured casualty losses and single year budget overruns caused by uncontrollable and unforeseen events.

4. The Board of Trustees may borrow against the Reserve Accounts for current operations, providing such loans are repaid to the Reserve Accounts within two (2) years.

V. AMENDMENTS

A. Amendment to this Agreement shall be valid only when:


1. A majority of the Board of Trustees has affirmatively agreed to the proposed Amendment.

B. Prior notice of the proposed Amendment has been given to all owners.

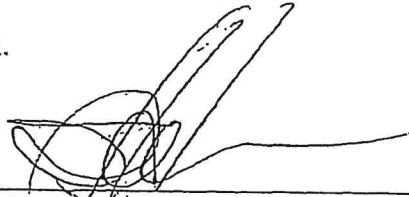
C. The Amendment has been recorded.



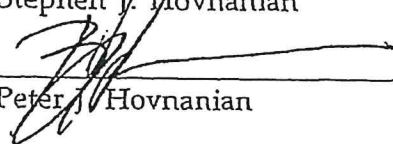
Witness



Witness



Stephen J. Hovnanian



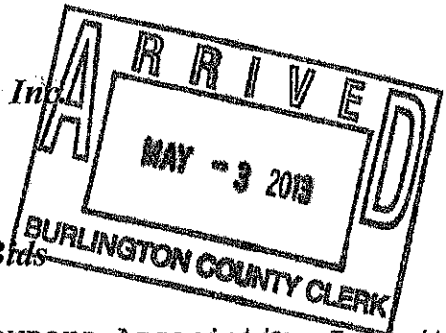
Peter J. Hovnanian

wm/hovnanian/Fernbrooke/management standards

Fernbrook Homeowners Association Inc.

RESOLUTION

Regarding Guidelines for Vendor Bids



WHEREAS, the affairs of the Fernbrook Homeowners Association, Inc. (the "Association") shall be managed by a five-member Board of Trustees (the "Board") by virtue of Article V, Section 1 of the Association's By-laws; and

WHEREAS, the Board of Trustees shall exercise its powers in accordance with the Governing Documents and specifically with Management Standards Agreement attached as an Exhibit to the Association's Declaration of Covenants and Restrictions (the "Declaration") by virtue of Article V, Section 3 of said Declaration; and

WHEREAS, the Management Standards Agreement exhibit referenced above, at Article II, Section A(5)(a) currently provides that "...the Manager shall have the authority to commit Association funds up to \$1,000.00 for any single expenditure, providing such commitment does not serve to obligate the Association for more than one {1} year and that it is within the budget authorization. All other expenditures shall require prior approval by the Board of Trustees and, if more than \$1,000.00, competitive bids as well..."; and

WHEREAS, there are no written guidelines in the Association's governing documents concerning the number of competitive vendor quotes required for contractual maintenance of \$1,000 or more, and the Board of Trustees is desirous of adopting such guidelines.

BE IT THEREFORE RESOLVED that the following compliance procedure is hereby adopted by the Board of Trustees (BOT) of the FERNBROOKE HOMEOWNERS ASSOCIATION at its meeting on the 24th day of January 2013:

- Contractual Maintenance work with an estimated value of \$1,000 to \$2,999 will require a minimum of two (2) competitive vendor bids.
- Contractual Maintenance with an estimated value of \$3,000 or greater will require three (3) competitive vendor bids.

Board Members to the Fernbrook Homeowners Association, Inc.:

John Filipowski
John Filipowski President

Margaret T. Norton
Margaret Norton Secretary

Jay Dreibelbis
Jay Dreibelbis Vice President

Leonard Godleski
Leonard Godleski Trustee

Gerald R. Mengel
Jerry Mengel Treasurer

The Declaration of Covenants and Restrictions for Fernbrooke filed in the Office of the Burlington County Clerk in book 5920, page 001.

STATE OF NEW JERSEY :
:SS
COUNTY OF BURLINGTON :

I CERTIFY that on the 24th day of January, 2013 John Filipowski, Jay Dreibelbis, Jerry Mengel, Margaret Norton and Leonard Godleski personally came before me and stated to my satisfaction that each person executed this resolution as his or her own act.

Carol M. Gallo
Notary Public of New Jersey
Commission Expires 1/8/19
Carol M. Gallo

8/2/13

RECORDING INFORMATION SHEET

49 RANCOCAS RD,
MT. HOLLY, NJ 08060

INSTRUMENT NUMBER:

4979536

DOCUMENT TYPE:

RESOLUTION

Official Use Only

Document Charge Type RESOLUTION

Return Address (for recorded documents)
SHIVERS GOSNAY & GREATREX
1415 ROUTE 70 EAST SUITE 210
CHERRY HILL NJ 08034

TIMOTHY D. TYLER
BURLINGTON COUNTY

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INSTRUMENT NUMBER
4979536

BOOK: OR13072
PAGE: 6205

No. Of Pages
(Excluding Recording Information and/or Summary Sheet) 2

Consideration Amount \$0.00

Recording Fee \$40.00

Realty Transfer Fee \$0.00

Total Amount Paid \$40.00

Municipality UNKNOWN

Parcel Information
Block: N/A
Lot: N/A

First Party Name FERNBROOKE HOMEOWNERS ASSOC INC

Second Party Name FERNBROOKE HOMEOWNERS ASSOC INC

Additional Information (Official Use Only)



4979536

Ctrl Id: 5123571 Recording Clerk: bscelza

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