

BY-LAWS
OF
ROCKWOOD CONDOMINIUM ASSOCIATION

ARTICLE I - NATURE OF BY-LAWS

Section 1. Purpose -- These By-Laws are intended to govern the administration of Rockwood 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 Rockwood, a 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 the calendar year.

Section 4. Principal Office -- The office of the corporation is located at 106 Woodstone Road, Rockaway, New Jersey 07866.

ARTICLE II - MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership -- Every Unit Owner shall be a member of the Association, subject to the provision 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 -- There shall be 54 votes in the Association, each of equal weight, all of which shall be held by Woodstone Corp.; (the Sponsor of the Condominium)

EXHIBIT "E"

(Consisting of 27 pages)

provided, however, that upon each conveyance of title of a unit by Sponsor to another unit owner, such unit owner shall become entitled to one vote for each unit purchased, and the number of votes held by Sponsor shall be reduced accordingly. Sponsor's votes shall be cast by such persons as it may from time to time designate. Votes not held by Sponsor shall be cast in person or by proxy, as otherwise provided herein. Anything to the contrary herein notwithstanding, it is understood that in the event that the number of units ultimately constructed upon the Property is more or less than 54, the number of votes in the Association shall be equal to the number of units established.

However, in accordance with N.J.S.A. 48:8B-12.1, if some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Sponsor in the ordinary course of business the unit owners other than the Sponsor shall be entitled to elect all of the members of the Board of Trustees of Rockwood Condominium Association.

In the event of a dispute as to whether the Sponsor is constructing and offering for sale in the ordinary course of business, the sole and exclusive course of action of the unit owners, Association and Sponsor, shall be to submit said dispute to Arbitration to the Department of Community Affairs of the State of New Jersey. In the event said Department does not desire to act as arbitrator, then the dispute shall be submitted to the American Arbitration Association in accordance with their rules and regulations. The determination of the arbitrator shall be final and binding upon all parties; and any such decision shall not be subject to judicial review.

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 annual meetings of the Association shall be held on the second Monday of each fiscal year, except that the first such annual meeting shall be held within sixty (60) days after conveyance of 13 Units by Sponsor to other Owners, but in no event after seven (7) years from Sept., 1980 or on such earlier date as Sponsor in its sole discretion may choose. At the first annual meeting the election of Trustees shall take place.

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. (b) Special meetings shall be called by the Secretary for the purpose of electing new members of the Board of trustees from new Unit owners after conveyance of 50% and 75% of the Units by Sponsor to other Owners. Said special meetings shall be held within sixty (60) days of the conveyance of the Unit sold, unless such conveyance occurs no more than sixty (60) or less than twenty (20) days before the annual meeting, in which case the election of such additional trustee(s) shall take place at the annual meeting.

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 meetings 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 such notice, postage prepaid. Except where expressly required by law, no publication of any notice of a meeting of Unit Owners 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 meeting of the Unit Owners, holding twenty-five (25%) percent of the votes, present in person or by proxy shall constitute a quorum for the transaction of business except where otherwise provided by law. In the absence of a quorum, the persons 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 Association, 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 represented 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.

special, shall be given not less than ten (10) days, nor more than ninety (90) days before the day on which the meetings 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 such notice, postage prepaid. Except where expressly required by law, no publication of any notice of a meeting of Unit Owners 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 meeting of the Unit Owners, holding twenty-five (25%) percent of the votes, present in person or by proxy shall constitute a quorum for the transaction of business except where otherwise provided by law. In the absence of a quorum, the persons 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 Association, 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 represented 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 writing, 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 Trustees 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 chairperson 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 the question. Reports of judges shall be in writing and subscribed and delivered by 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 Trustees, if appropriate.
- (h) Old business.
- (i) New business.
- (j) Adjournment.

ARTICLE IV - BOARD OF TRUSTEES

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 Trustees which shall have all those powers granted to it by the Articles of Incorporation, the Master Deed, these By-Laws, and by law.

Section 2. Number and Qualifications -- Until sixty days after the conveyance of 25% of the Units by Sponsor to other Owners, the Board shall consist of three (3) persons designated by the Sponsor, none of whom need be Unit Owners. Thereafter, the Board shall be composed of four (4) persons, one of whom shall be a Unit Owner and shall be elected by a majority of the votes entitled to be cast at a duly convened meeting of the Association and three (3) of whom shall be designated by the Sponsor. The Sponsor shall continue to designate or elect the successors in office to those three (3) trustees originally elected or designated by it until sixty days after Sponsor has conveyed title to 75% of the Units, including those which it may hold for rental payments,

or until seven (7) years from the date of the recording of the Master Deed, which ever occurs first.

Sixty days after the conveyance of 50% of the Units by Sponsor to other Owners, the Board shall consist of five (5) persons, two (2) of whom shall be Unit Owners elected by a majority of the votes entitled to be cast.

Sixty days after the conveyance of 75% of the Units by Sponsor to other Owners, two of the trustees designated by Sponsor shall resign and shall be replaced by trustees, who shall be Unit Owners, elected by a majority of the votes entitled to be cast. At such time as 100% of the Units have been sold, the last remaining trustee appointed by Sponsor shall resign and the vacancy shall be filled pursuant to Section 5, Article IV, of these By-Laws.

Section 3. Election and Term of Office -- At the first annual meeting after the Sponsor is no longer entitled to appoint a trustee the Unit Owners' shall elect three (3) trustees for three year terms. The Trustees 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 Sponsor, shall vote in accordance with the provision of Section 7 of Article III.

Section 4. Removal of Members of the Board -- At any duly held regular or special meeting of the Unit Owners, any one or more Trustees 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 Trustee

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 Trustees to be appointed by the Sponsor as set forth herein.

Section 5. Vacancies -- Vacancies on the Board of a Trustee or Trustees which have been elected by the Unit Owners shall be filled by election by a majority of the votes entitled to be cast at a Special Meeting of the Unit Owners. Vacancies on the Board of a Trustee or Trustees designated by the Sponsor shall be filled by the Sponsor designating a replacement therefor. Each person so elected shall be a Trustee for the remainder of the term of the Trustee whose term he is filling and until his successor shall be elected. Notwithstanding the foregoing, until the first annual meeting of Unit Owners, Sponsor shall have the right to fill all vacancies on the Board by appointment.

Section 6. Meeting of the Board; Notice: Waiver of Notice -- The organizational meetings of the Board following meetings of the Unit Owners shall be held at the same place as and immediately following the annual meetings of the Unit Owners. 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 Trustees, but at least two meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Trustee by telephone, mail, or telegram at least three (3) 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 Trustee 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 two (2) Trustees. Any trustee may, at any time, waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by a Trustee at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 7. Quorum and Adjourned Meetings -- At all meetings of the Board, a majority of the Trustees shall constitute a quorum for the transaction of business and the votes of a majority of the Trustees present and voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice. 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 8. Joinder in Meetings by Approval of Minutes -- The transaction of any business at any meeting of the Board however called and notice 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 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, 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 9. 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 TRUSTEES

Section 1. General Powers and Privileges -- The Board shall have the following powers, herein granted or necessarily implied:

- (a) To employ, 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) To employ professional counsel and to obtain advice from persons, firms or corporation 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 revoke, rules and regulations covering the details of the operation and use of the Common Elements; 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) To 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
- (i) To establish and enforce rules and regulations for parking by, and the assignment of parking spaces to, Unit Owners, subject to the provisions of the Master Deed, Articles of Incorporation and these By-Laws; and
- (j) To arrange for security protection as necessary; and
- (k) To 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.
- (l) 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 (as evidenced by certified payroll) shall be considered an operating expense of the Association; and
- (m) To place and keep in force all insurance coverage required to be maintained by the Association, applicable to its property and members including, but not limited to:
 - (i) Physical Damage Insurance - Broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within extended coverage, insuring all improvements existing on the Common Elements, together with all service machinery appurtenant thereto, and covering the interest

of the Association, the Board, the Sponsor and all Unit Owners and their mortgagees as their interests may appear, in an amount equal to the full replacement value of such improvements without deduction for depreciation. Each policy shall contain a standard mortgagee clause in favor of each mortgagee of a Unit, which shall provide that the loss, if any, thereunder, shall be payable to each mortgagee as its interests may appear. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board shall obtain a qualified appraisal of the full replacement value of the Units and Common Elements and the improvements located thereon.

- (ii) Public Liability Insurance - To the extent obtainable, public liability insurance for personal injury and death from accidents occurring within the Common Elements, and the defense of any actions brought by reason of any injury or death of a person or damage to property, occurring within such Common Elements, and not arising by reason of any act or negligence of any individual member. Said insurance shall be in such limits as the Board may, from time to time, determine, covering each member of the Board, the managing agent, the manager and each member, and shall also cover cross liability claims of one insured against another. The Board shall review such limits once a year. Until the first meeting of the Board of Trustees following the first annual meeting, such public liability insurance shall be amounts not less than \$500,000.00/\$1,000,000.00 for claims for bodily injury, and \$100,000.00 for claims for property damage.
- (iii) Workmen's Compensation Insurance - As required by law.
- (iv) Other insurance - Such other insurance as the Board may determine.

All policies shall: (i) provide that adjustment of loss shall be made by the Board of Trustees with the approval of the Insurance Trustee, (appointed under paragraph n of this Section) and that the net proceeds thereof, if \$5,000.00 or less shall be payable to the Board, and if more than \$5,000.00 shall be payable to the insurance Trustee; (ii) require that the proceeds of physical damage insurance be applied to the restoration of service machinery as is required by the Master Deed and these By-Laws; (iii) to the extent obtainable obtain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured; and (iv)

provide that such policies may not be cancelled without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Unit Owners.

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

(h) Appoint an Insurance Trustee, who shall not be a member of the Association, an employee of the Sponsor or the manager, and who shall discharge his duties in accordance with these By-Laws.

(o) 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, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Association for payment of the obligations of the Association, if the proper fidelity bond is furnished to the Association.

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 for each separate item of repair and improvement of and to said Property. The amounts thus assessed and collected for each such separate item of repair and improvement shall, however, be kept in interest-bearing savings accounts, appropriately earmarked for such category. 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.

Section 7. Exemption from Payment of Reserves -- Anything to the contrary herein notwithstanding, neither Sponsor nor any holder of an institutional mortgage on any Unit shall be required to contribute or pay any sum for reserves of any kind, whether by way of regular or special assessments or otherwise, except that Sponsor shall be responsible for said reserves with respect to those Units to which it holds title. Further, this provision may, not be amended without the written consent of the Sponsor and that of every holder of an institutional mortgage on any Unit.

Section 8. Notice -- 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. While the sponsor maintains a majority of the Board of Directors, it shall make no addition, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

Section 9. 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. If such default shall continue for a period of thirty (30) days, then the Board shall be obligated to (i) accelerate the remaining installments of the assessment,

(ii) file a lien for such accelerated assessment as permitted by the Condominium Act; and (iii) notify the mortgagee of the Unit affected by such default. If said default continues for a period of 180 days, then the Board shall have the duty to foreclose the foregoing lien pursuant to law and/or to commence a suit against the appropriate parties to collect said assessment.

Section 10. 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 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 thereon 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 10 days prior written notice of the Unit Owner's desire to make such an examination.

Section 13. Fidelity Bonds -- Fidelity bonds shall be required by the Board from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Trustees. The premiums on such bonds shall be paid by the Association.

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 Trustees 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 Trustees, 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 Trustee 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 Trustees -- Nothing herein contained shall prohibit a Trustee from being an officer.

ARTICLE VIII -- COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS AND TRUSTEES

Section 1. Compensation -- No compensation shall be paid to the President or the Vice-President or any Trustee for acting as such Officer or Trustee. 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 trustee 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 Trustee and officer of the Association shall be indemnified by the Association against the actual amount of net loss, including counsel fees, reasonably incurred by or imposed upon him in connection with any action,

suit or proceeding to which he may be made a party by reason of his being or having been a Trustee or officer of the Association except as to matters as to which he shall be finally found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

Section 3. Exculpability -- Unless acting in bad faith neither the Board as a body nor any Trustee nor any officer of the Association, nor the delegees 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 in the execution of the duties of said Trustees and officers. The members of the Board, however, appointed by the Sponsor shall be liable as fiduciaries for their acts and omissions to the Unit Owners.

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 \$5,000.00, said improvements shall not be made unless they have been approved by a majority of votes at a meeting of the Unit Owners 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 \$5,000.00 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 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

Subject to the restrictions in Section 7 of Article VI ; hereof, 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 Sponsor's rights to designate three (3) trustees (including replacements in case of vacancies) may not be diluted or removed, and (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.

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 "Rockwood Condominium Association."

ARTICLE XV -- RULES OF CONDUCT

No resident of the project shall:

- (a) Use any unit for any purpose other than as a private residence;
- (b) install or maintain any clothes poles or lines (a collapsible clothes tree is permitted, provided it be removed when not in use);
- (c) raise, breed or keep any animals, livestock or poultry of any kind in any unit or in the common elements. Dogs, cats or other household pets are permitted, not to exceed two in the aggregate per unit, provided that they are not kept, bred or maintained for any commercial purpose, and that they are housed within the unit. No outside dog pens or yards shall be permitted;
- (d) store, or house on the property any trailer, tractor, truck (Commercial or unregistered), mobile home, recreation vehicle, boat, boat trailer or the like, except within the garage;

(e) Use or maintain any portion of the common elements or other portion of the property for the dumping of rubbish or debris. Trash, garbage or other waste shall be kept in sanitary containers on the property for weekly or more frequent collection;

(f) Use operate or install exterior loudspeakers (other than as contained in portable radios or television sets), or unshielded floodlights in any exterior area of any Unit;

(g) Conduct any business, trade or profession in any unit, except that of physician, dentist, or other practitioner, of the healing arts and sciences; attorney at law, accountant, professional engineer, architect, or artist, and the use of the property for any such purpose shall be restricted to not more than fifty percent of the livable area of the first floor; and no exterior sign shall be erected or displayed except one non-illuminated sign, which shall be no larger than eight inches in height and thirty inches in length;

(h) Install or affix any external or visible radio, television, or any type of communication aerial on or about the exterior of any building constructed or erected on the property, or elsewhere on such property;

(i) Install or maintain any signs of any kind upon the premises except as provided in section (g) above;

(j) Build, plant, or maintain any matter or thing upon, in, over or under the common elements without the prior written consent of the Association;

(k) Burn, chop or cut anything on, over or above the common elements;

(l) Have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Building;

(m) Do or keep in any Unit or in or upon the common elements anything which will increase the rates of insurance of the building(s) or the contents thereof beyond the rates applicable for units, without the prior written consent of the Association; or permit anything to be done or kept in his unit or in or upon the common elements which will result in the cancellation of insurance on any of the buildings or the contents thereof, or which will be in violation of any law;

(n) Carry on any noxious or offensive activities in or upon the common elements or in any unit nor shall anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other residents in the Condominium;

(o) Engage in any immoral, improper, offensive or unlawful use of any unit; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed;

(p) Perform any act to any unit, on or in the common elements which will impair the structural integrity of any building or which will structurally change a building or make any structural additions, alterations or improvements in or to his unit or in or to the common elements, without the prior written approval of the Association or impair any easement without the prior written consent of the Association;

(q) Use the common elements for anything other than the furnishing of the services and facilities for which they are reasonably intended and suited and which are incident to the use and occupancy of the units;

(r) Rent a unit for transient or hotel purposes, which shall be defined as "(i) rental for any period less than six (6) months; or (ii) any rental if the occupants of the unit are provided customary hotel services, such as room service for food and beverages, maid service, furnishing laundry and linen, and bellboy

service", provided however, that any unit owner may rent a unit for a period of less than six (6) months to a contract purchaser;

(s) Lease less than an entire unit except that a garage may be leased to another unit owner for non-commercial uses only and for any period of time.