

BY LAWS

OF

THE MANOR ONE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

PURPOSE, DEFINITIONS, COMPLIANCE OFFICE

SECTION 1: PURPOSE

The Manor One Condominium Association, Inc. (the "Association") has been organized for the purpose of administering, managing, maintaining, repairing, and operating the 54 units and the common elements of The Manor One, a Condominium, pursuant to the provisions of P.L. 1969, Ch. 257, R.S. 46:8B-1 et. seq. of the Laws of the State of New Jersey (hereinafter referred to as the "Condominium Act" or the "Act").

SECTION 2: DEFINITIONS

All definitions set forth in the Master Deed creating the Condominium are incorporated herein by reference, and, unless the context clearly indicates otherwise, all definitions set forth in R.S. 46:8B-3 are also incorporated herein by reference.

SECTION 3: COMPLIANCE

Each present and future owner or any occupant, tenant, guest, licensee, agent, employee and any other person who uses the "Property" (as used herein shall include the land, the buildings and all other improvements thereon

EXHIBIT "E"

including the Apartment Units and the Common Elements, all as set forth in the Master Deed) shall comply with the By-laws of the Association, rules and regulations adopted pursuant to the By-laws, and with the conditions and restrictions set forth in the Master Deed and the Deed to each Unit.

SECTION 5: OFFICE

The initial principal office of the Association shall be located at 1280 Route 46, Parsippany, New Jersey, but thereafter, may be located at such other suitable place as shall be designated by the Board of Trustees of the Association, (hereinafter referred to as the "Board").

ARTICLE II

MEMBERS (UNIT OWNERS)

SECTION 1: MEMBERSHIP INTEREST:

Every person, firm, association, corporation or other legal entity who is a record owner or co-owner of the fee simple title to any Unit ("Unit Owner") shall be a member of the Condominium Association. Each Unit Owner's membership interest shall be in accordance with his respective percentage interest of ownership interest in the Common Elements of the Property.

SECTION 2: SUCCESSION

The membership of each Unit Owner shall automatically terminate when he ceases to be a Unit Owner and upon the conveyance, transfer or other disposition of a Unit Owner's ownership interest in the Property, said Unit Owner's membership in the Association shall automatically be transferred to

the new Unit Owner succeeding to the ownership interest. Any person acquiring ownership of a Unit shall furnish notice thereof, within 10 days after acquisition, to the Board Secretary and Managing Agent, if any.

SECTION 3: DESIGNATION OF VOTING MEMBER

Each purchaser of a Unit, if one person, establishes his right to vote by the recorded title to the Unit. If a Unit is owned by more than one person, partnership, trust, or corporation, then the person entitled to cast the vote for the Unit Owner shall be designated by a certificate duly executed by the Unit Owner, and filed with the Secretary of the Association. The designated person in these certificates who is entitled to cast the vote for a Unit shall be known as the "voting member". Such certificate is valid until revoked by a change in ownership or superseded by a subsequent certificate. In the event that such a certificate is not filed, then either co-owner of a Unit or any party representing itself as an authorized representative of a partnership, trust, corporation or other similar entity may cast the vote on behalf of the Unit Owner provided that said vote is not challenged by any other person purporting to be a representative of the same Unit Owner.

SECTION 4: SUSPENSION OF RIGHTS

The membership rights of any owner may be suspended for any period during which any assessment(s) against the Unit Owner's property remains unpaid, whether or not that Unit Owner is personally obligated to pay such assessment(s); but upon payment of such assessment(s) and any interest which may accrue thereon, the Unit Owner's membership rights shall be immediately and automatically restored. Further, if any Unit Owner fails to comply with

any rules and regulations governing the use of Common Elements or the conduct of any persons are not in accordance with such rules and regulations as may be adopted, then the Association may suspend any such member at the discretion of the governing board for a period not to exceed 30 days for any single violation.

SECTION 5: MEMBERSHIP LIST

A complete list of members of the Association, the owner's Unit number, and percentage of ownership in the Common Elements shall be kept by the Secretary at the principal office of the Association. The list shall be kept up to date and open to inspection by all members during regular business days.

SECTION 6: FIRST MEETING

The "First Meeting" of the Unit Owners shall be held on call by the Board of Trustees not more than 60 days after the sale and closing of title of Units representing 25% of all the votes entitled to be cast at such meeting.

SECTION 7: ANNUAL MEETING

Subsequent to the aforesaid First Meeting, there shall be a regular annual meeting of the Unit Owners held each year during the same month of each succeeding year after the first annual meeting.

SECTION 8: SPECIAL MEETINGS

Special meetings of the Association may be called by the President, a majority (50% or more) of the Board, or upon receipt by the Secretary of a petition signed by thirty percent (30%) or more of the Unit Owners for the purpose of considering matters properly before the meeting.

SECTION 9: LOCATION OF MEETING

All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place that may be chosen by the Board and stated in the notices of such meetings.

SECTION 10: NOTICES

The Secretary, President or Vice President shall give notice of all meetings to the Unit Owners in writing. Said notice shall state the time, place, and purpose of the meeting. The notice may be delivered by hand to the members, left at their Unit in their absence or mailed. Said notice shall be given not less than ten (10) days nor more than thirty (30) days before the date of such meeting. Attendance by a Unit Owner at a meeting who has not been properly noticed and who does not protest prior to the conclusion of the meeting, shall constitute a waiver of the notice of meeting to him.

SECTION 11: QUORUM

Except as may be otherwise provided in these By-laws, the presence in person or by proxy of one third (33 1/3%) or more ownership interest in the Common Elements shall constitute a quorum at any annual or special meeting of members. In the event a quorum is not attained, the members present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

SECTION 12: VOTING:

The acts approved by a majority of votes cast by Unit Owners present at a meeting at which a quorum is present shall constitute the acts of the members,

and shall be binding upon all Unit Owners for all purposes, except wherein the Master Deed or these By-laws or the provisions of New Jersey law, a higher percentage rate of voting members is required. The aggregate number of votes for all Unit Owners shall be one hundred (100) and shall be divided among the respective Unit Owners in accordance with their respective percentages of ownership interest in the Common Elements.

SECTION 13: RULES OF THE MEETING

The Board may adopt reasonable rules for the conduct of all meetings of the Board and Unit Owners.

SECTION 14: VOTING RIGHTS AND GOOD STANDING:

The voting members of the Association shall be entitled to vote so long as such member is deemed "in good standing". As used in these By-laws, "in good standing" shall mean that said member has fully paid all assessments and charges levied against his Unit and himself at least five (5) days prior to the meeting, and has not been declared by the Board, at least ten (10) days prior to the meeting, to be in breach or default or in violation of any provision of the By-laws, Master Deed, or Rules and Regulations or, if so, has cured the same during said 10 day period.

ARTICLE III

BOARD OF TRUSTEES

SECTION 1: GOVERNING BODY:

The Board of Trustees of the Association (the "Board") shall constitute the governing Board provided for in the Condominium Act and all rights,

titles, powers, privileges and obligations vested in or imposed upon the governing Board in said Act or in the Master Deed may be performed by the Association by the duly elected members of the Board and their successors in office.

SECTION 2: NUMBER AND ELECTION OF BOARD OF TRUSTEES

A. Until the First Meeting of the membership all three Trustees and their terms of office shall be designated by Ashmont Properties, Inc. ("Sponsor"). Said Trustees need not be owners of Units in the Condominium.

B. Thereafter, the Board shall consist of three (3) members, except as otherwise provided herein. Trustees ordinarily shall be elected at the regular annual meeting of the Association members by the vote of the Unit Owners, except that the three Trustees listed in the Articles of Incorporation of the Association (hereinafter called "Members of the First Board") shall be appointed by Sponsor and shall serve at the pleasure of Sponsor without need for reelection until 75% of the Units or interests shall have been conveyed as required by the Planned Real Estate Development Full Disclosure Act, at which time said positions shall be deemed vacant for the purpose of electing new Trustees, except that one such Trustee shall, at Sponsor's option, continue in office so long as Sponsor owns one Unit in the regular course of business.

At such time as Sponsor shall have conveyed 25% of the Ownership interest in the Common Elements, of the Units or interests, the Unit Owners shall be entitled, within 60 days thereafter, to elect one additional Trustee to the Board of Trustees, or at least 25% of the Board if there are more than three Trustees then serving; when 50% of the ownership interests have been conveyed, said Unit Owners shall be entitled to elect a second Trustee, or at least 40%

of the Board, within 60 days thereafter; and when 75% of the ownership interests shall have been conveyed, said owners shall be entitled to elect the entire Board of Trustees within 60 days thereafter, provided, however, that Sponsor may retain one member on the Board of Trustees as aforesaid.

Except as above provided, all Trustees shall be elected at the regular annual meeting of the Association members by the vote of the Unit Owners. Those candidates for election receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected.

SECTION 3: TERMS OF OFFICE

Every Trustee shall hold office for the term of two (2) years and may succeed themselves in office. Three (3) Trustees shall be elected in one year and two Trustees in the succeeding year. A position vacated by a sponsor appointed Trustee shall be for a term of one (1) year or two (2) years as required to provide for a staggered Board.

Sponsor may surrender control of the Board of Trustees of the Association prior to the time specified, provided the Unit Owners agree by a majority of vote to assume control.

SECTION 4: COMPENSATION

Trustees serve without compensation from the Association unless such compensation is approved by Resolution of the Association. However, Board members are entitled to reimbursement for all expenses reasonably incurred and approved by the Board in the discharge of their duties.

SECTION 5: VACANCIES

A vote of majority of the remaining Trustees at a special meeting duly

called, may fill the office of any Trustee that has become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise. The person so elected shall serve for the unexpired term in respect to which the vacancy occurred. Provided, however, that any Trustee appointed by a Sponsor, which Trustee position becomes vacant, may be so filled by a person appointed by the Sponsor. Sponsor shall have the right to fill any Trustee vacancy position elected or appointed by Sponsor. Unit Owners shall have the right to fill any Trustee vacancy elected by Unit Owners.

SECTION 6: REMOVAL

One or more members of the Board may be removed, with or without cause by a two-thirds (2/3) vote of the Association members at any meeting duly called for such purpose.

SECTION 7: ORGANIZATIONAL MEETING

The first organization meeting of each newly elected Board shall be held immediately following the adjournment of the first annual meeting of the Unit Owners, or ten days thereafter at such time and place fixed by the Board members.

SECTION 8: REGULAR MEETINGS

Regular meetings of the Board of Trustees may be held at such time and place as shall be determined by a majority of the members of the Board, but at least four such meetings shall be held in each calendar year. Notice of regular meetings of the Board shall be given to each Trustee personally, by telegram, telephone, or mail, at least five days before the meeting date. The notice shall state the date, time and place of such meeting and the purpose.

SECTION 9: SPECIAL MEETINGS

Upon three days notice to each Trustee, the President of the Board may call a special meeting. Special meetings may also be called upon written request of any two Trustees.

SECTION 10: WAIVER OF NOTICE

Any member of the Board may waive notice of any meeting of the Board. Attendance by a member at any meeting of the Board shall constitute a waiver of notice. If the Trustees are all present at any meeting of the Board, no notice shall be required and any business may be transacted without further notice.

SECTION 11: QUORUM

At all duly convened meetings of the Board of Trustees, a majority of members of the Board shall constitute a quorum for the transaction of business, except as otherwise provided in the Master Deed, these By-laws, or by law.

SECTION 12: QUALIFICATION

Except for members of the First Board, each Trustee shall be a Unit Owner (or, if a Unit Owner is a Trustee of a Trust, then a beneficiary of such Trust may be a Board Trustee, or if a Unit Owner is a partnership, then a general partner of such Unit Owner may be a Trustee or if a Unit Owner is a corporation, then an officer of such corporation or a duly authorized corporate agent may be a Trustee). If the Trustee shall cease to meet such qualifications during his term, his term shall thereupon cease and his place on the Board shall be deemed vacant.

SECTION 13: RATIFICATION OF MEETING BY APPROVAL OF MINUTES

The transaction of any business at any meeting of the Board of Trustees, 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 Trustee signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof or of the resolution or act adopted at such meeting. All such waivers, consents or approvals, shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

SECTION 14: POWERS AND DUTIES

The Board shall have and exercise all powers and undertake to perform all duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of The Manor One, a Condominium, the Property and Common Elements, and may do or cause to be done all such other acts and things as are not by law, the Master Deed, these By-laws or otherwise required to be done by the members of the Association or Unit Owners, which powers and duties shall include, but not be limited to the following:

- (a) To elect and remove the officers of the Association as herein provided;
- (b) To administer the affairs of the Association and the property;
- (c) To engage the services of an agent (hereinafter sometimes called the Managing Agent) to maintain, repair, replace, administer and operate the Property or any part thereof for all of the Unit Owners, upon

such terms and for such compensation and with such authority as the Board may approve, provided, however, that the First Board, appointed as provided herein, may ratify and approve a management agreement between Sponsor, on behalf of the Association, and a management company, which may be a corporation related to the Sponsor or Sponsor's predecessor in interest to the Property, to act as managing agent for the property for a term commencing on the date the Master Deed is recorded and ending one year thereafter, at an annual rate of \$4,000.00, which ratification and approval shall not be subject to the provisions of Article V Section 10;

- (d) To employ any person, firm or corporation to repair, maintain and renovate all property 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 any waterways on condominium lands; to build, erect, repair, maintain and renovate facilities owned by it, roads, parking areas, walkways or paths; lay pipes and culverts; bury utilities; to put up lights or poles; erect signs for traffic and safety controls of various sorts;
- (e) To employ professionals and obtain advice from persons, firms or corporations such as, but not limited to engineers, architects, planners, lawyers, and accountants;
- (f) To employ, pay, supervise and discharge the personnel necessary to be employed for the maintenance and operation of the property, including

the Common Elements and to provide such personnel with the equipment and materials necessary in order to properly maintain and operate the Property. The compensation of such personnel shall be determined by the Board and shall be considered an operating expense of the Association.

- (g) To adopt rules and regulations, with written notice thereof to all Unit Owners, governing the details of the administration, management, operation and use of the property and the Common Elements, and to amend such rules and regulations from time to time;
- (h) To provide or contract for water and sewer, electricity, gas or other forms of utilities, cable or master antenna television, snow plowing or removal, and exterior painting, building, repairing, renovating and remodeling;
- (i) To provide for the operation, care, upkeep, maintenance, repair, replacement and improvement of the Common Elements and payments therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association, the manager or managing agent. To appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board.
- (j) To call special meetings of members whenever it deems necessary and it shall be required to call a special meeting of the membership, at any time upon written request to the owners entitled to cast thirty percent (30%) of all of the votes eligible to be cast, except as otherwise provided herein;
- (k) To provide, equip, maintain, operate and charge admission fees to provide such recreation or entertainment as the Board may determine

in any location or in any structure within the Condominium, or upon any land or in any structure which the Condominium Association may hereafter obtain title or of which the Condominium Association now or hereafter may have possession or custody and control.

- (l) To change said fiscal year from time to time as the Board deems advisable.
- (m) To estimate the amount of, prepare, adopt and distribute the annual budget and to provide the manner of assessing, levying on and collecting from the Unit Owners their respective shares of the Common Expenses, as hereinafter provided.
- (n) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the property.
- (o) To borrow and repay monies, give notes, mortgages or other security upon such terms as it deems necessary; exercise rights, invest and reinvest monies; sue and be sued; collect interest, dividends, capital gains and pay taxes;
- (p) To make and enter into contracts and enter into leases or concessions and pass good and marketable title without the necessity of any third party overseeing the application of funds; provided, that the power to borrow money on a real estate mortgage or pass title to the real estate or acquire real estate shall be exercised only upon the consent of 75% of the total membership votes entitled to be cast;
- (q) To bid and purchase for and on behalf of the Association, any Unit or interest therein, at any sale pursuant to a mortgage foreclosure or a foreclosure of the lien for Common Expenses under the Act, or on order or direction of any Court or any other involuntary sale, but

only upon the consent or approval of Unit Owner's owning not less than 75% of the total ownership of the Common Elements, and provided that such consent shall set forth the maximum price that the Board may bid and pay for such Unit or interest therein.

- (r) To make and execute any and all proper affidavits for various purposes including, but not limited to, title to real estate, compromising any action without leave of Court, and all other powers contained herein and those necessary and incidental thereto.
- (s) To act in a representative capacity in relation to matters involving the Common Elements or more than one Unit, on behalf of the Unit Owners, as their interest may appear;
- (t) To enforce obligations of the members to do anything and everything necessary and proper for the sound management of the Condominium including the right to send notice to the offending party demanding certain acts to be undertaken, restoring the Condominium's property to its original position and charging the breaching party with the entire cost or any part thereof, and levying fines against members for violations of any of the rules and regulations. Such fines may be levied for not more than \$10.00 for any one violation, but each day a violation continues after notice, it shall be considered a separate violation. Collection of a fine may be enforced against the Unit Owner involved as if the fine were a Common Expense owed by the particular owner;
- (u) To bring such lawsuits to enforce the terms, conditions and restrictions contained in the Act, Master Deed, the By-Laws, and the rules and regulations governing the Condominium and its members;

- (v) To cause to be kept a complete record of all of its acts and corporate affairs and to present a report thereof to its members at the annual meeting or at any special meeting when so requested in writing by members entitled to cast at least thirty (30%) percent of the total votes eligible to be cast;
- (w) To allocate common surplus or make repairs, additions and improvements to restoration of the Common Elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
- (x) To manage the fiscal affairs of the Condominium Association as herein provided;
- (y) To maintain adequate fidelity bonds for all officers and employees of the Association handling or responsible for funds of the Association and to pay the premiums therefor from the Association as a common expense;
- (z) To open bank accounts on behalf of the Association and designate such signatories as may be required, pursuant to Article V, Section 1;
- (aa) To enter or cause to be entered any Unit when deemed necessary for or in connection with the operation, maintenance, repair, renewal, or protection of any Common Elements of any Units or in emergencies, provided that such entry and work shall be done with as little inconvenience as possible to the owners and occupants of such Units. Each Unit Owner shall be deemed to have expressed the grant of such right of entry by accepting and recording the deed to his Unit. Prior notice of entry shall be given during reasonable hours, except in the case of an emergency.
- (bb) The Manor One Condominium Association, Inc. shall place and maintain the following insurance which will name as insureds the

The Manor One Condominium Association, Inc.; Ashmont Properties, Inc. (Sponsor), and the Management Company. The insurance program will include, but will not be limited to, the following coverages. All policies will require a thirty (30) day notice of cancellation or change.

Property Insurance:

The real and personal property to be insured will be all property owned and/or maintained by the Condominium Association including but not limited to the "Common Elements".

The "insured real property" will include:

- A. Equipment, fixtures and machinery constituting a permanent part of the building or structure;
- B. Personal property used for maintenance or service;
- C. Materials and supplies for use in construction, alteration or repair;
- D. Outdoor fixtures, and
- E. Fixtures, improvements and alterations comprising a part of the buildings and contained within Units that are owned by a name insured or Unit Owner.

The insured fixtures, improvements and alterations owned by a named insured or owner will be the property defined by paragraphs 2 (b)(ii), (iii), and (iv), of "Definitions" of the Master Deed. The property shall also include refrigerators, dishwashers, clothes washers and dryers, air conditioners, bathroom fixtures, cooking ranges, and ovens.

All real and personal property is to be insured for an agreed amount of replacement cost without deduction for depreciation.

The property insurance deductible will be \$1,000.00 each occurrence, subject to the modification of the Board of Trustees after their review of insurance costs at various deductible levels.

The insured replacement cost amounts are to be established by the Board of Trustees based on a replacement cost appraisal by a professional appraiser designated "Member, Appraisal Institute" by the American Institute of Real Estate Appraisers.

The replacement cost amounts are to be reviewed annually by the Board of Trustees and at the discretion of the Board, subject to reappraisal every third year.

The appraisal will establish separate amounts for the real property and the personal property of the named insureds and the insured property of Unit Owners.

All property to be insured against All Risks of direct physical loss subject to the provisions of the standard condominium All Risks coverage forms.

Insurance quotations will be considered by the Board of Trustees for earthquake, flood, the exposures insured by boiler and machinery and crime coverages and for the loss of rents from rented or unsold Units.

The Association will be designated as Insurance Trustee for the Management Company, Sponsor and all of the Unit Owners collectively or individually. An insured Loss will be adjusted with, and made payable to, said Insurance Trustee for the benefit of the named insureds, mortgagees, and all such Unit Owners as their respective interests may appear.

Subject to the above insurance trustee provisions, the standard mortgagee clause will apply for the mortgagee of a Unit.

If, at the time of loss, there is other insurance in the name of a Unit Owner covering the same property insured by the Association, the insurance provided by the Association shall be primary and not contributing with such other insurance.

The property insurance policy shall not be prejudiced (a) by any act or neglect of any occupants or owners of the building when such act or neglect is not within the control of the Insured (or Unit Owners collectively) or (b) by failure of the insured (or Unit Owners collectively) to comply with any warranty or condition with regard to any portion of the premise over which the insured (or Unit Owners collectively) have no control.

2. Comprehensive General Liability:

The Comprehensive General Liability coverage will insure in addition to the named insured, each individual Unit Owner of the insured Condominium but only with respect to his liability arising out of the ownership, maintenance or repair of that portion of the premises which is not solely owned by the Unit Owner.

The definition of named insured for the liability insurance will include for an incorporated entity any executive officer, member of the Board of Trustees, Director, or Stockholder while acting within the scope of his duties as such.

Insured exposures will include premises, operations, operations of independent contractors and products - completed operations liability under the comprehensive general liability form.

The broad form comprehensive general liability endorsement will include, but not be limited to, contractual liability, personal and advertising injury, premises medical payments, incidental medical malpractice and host liquor law liability.

The Board of Trustees will establish and review annually the limits of liability to be insured. Until the First Meeting of the Board, the insured limits will be:

Bodily Injury Liability:

Each Occurrence	\$1,000,000
Products Liability Aggregate	\$1,000,000

Property Damage Liability:

Each Occurrence	\$ 500,000
Aggregate Limits	\$ 500,000

3. Catastrophe Excess (Umbrella) Liability:

Catastrophe Excess (Umbrella) Liability will be insured for the limits of liability determined by the Board of Trustees. The self-insured retention will be \$10,000. Until the "First Board meeting," the insured limits will be \$1,000,000.

4. Directors and Officers Liability:

Directors and Officers Liability will be insured for limits of \$500,000 for the Condominium Association, Trustees, Sponsor and Management Company.

5. Workers Compensation and Employers Liability:

Workers Compensation and Employers Liability to be insured for the State of New Jersey.

6. Automobile Insurance:

Comprehensive Automobile Liability will be insured for the ownership, maintenance or use of any automobile.

The Board of Trustees will establish and review annually the limits of liability to be insured. Until the First Meeting of the Board, the insured limits will be:

Bodily Injury and Property Damage Liability:

Each Occurrence	\$1,000,000
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For Passenger Automobiles, Personal Injury Protection (No Fault) New Jersey Option 5 and \$10,000 Medical Payments will be insured.

Automobile Physical Damage will be insured for vehicles less than six years old for \$100 deductible comprehensive and \$250 deductible collision.

It is understood and agreed that a Unit Owner upon acquisition of a Unit waives all rights of recovery against:

- A. The Association, Sponsor and Management Company and their employees, servants and agents, and
- B. All other Unit Owners (as individuals or as a group), their respective families, guests, employees, servants and agents

with respect to loss or damage to personal property and improvements and alterations to a Unit.

It is further understood and agreed that the Condominium Association, Sponsor and Management Company waive their rights of subrogation against any Unit Owner with respect to loss or damage to real and personal property.

ARTICLE IV

SECTION 1: EXECUTIVE OFFICERS

The principal officers of the Association shall be a President, Vice President, Secretary, and Treasurer. There may be such additional officers as the Board of Trustees sees fit to elect.

SECTION 2: ELECTION AND TERM OF OFFICE

The officers of the Association shall be elected annually by the Board of Trustees at the organizational meeting of each new Board and shall hold office until their successors are elected or appointed by the Board and qualify.

SECTION 3: REMOVAL OF OFFICERS

Upon an affirmative vote of three-fifths majority of the members of the Board of Trustees, any officer may be removed, either with or without cause.

SECTION 4: VACANCIES

Vacancies in any office shall be filled by the Board of Trustees by a majority vote of the members thereof at a special meeting of said Board. Any

officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer being succeeded.

SECTION 5: THE PRESIDENT

The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Unit Owners and of the Board of Trustees. He shall have the general powers and duties usually vested in the office of President of an Association, including but not limited to, the power to appoint committees from among the members from time to time as he may deem necessary. He shall execute such deeds, contracts and other instruments in the name and on the behalf of the Association, except when said signing and execution shall be delegated by the Board of Trustees to another officer or agent of the Association. The President shall be a Trustee of the Association.

SECTION 6: THE VICE PRESIDENT

The Vice President shall take the place of the President when the President is unable to attend a meeting, unable to act, or resigns. The Vice President shall perform such duties as the President may from time to time delegate to him or the Board of Trustees may impose on him.

SECTION 7: THE SECRETARY

The Secretary shall attend all meetings of the Board of Trustees and of the Unit members. He shall keep the minutes of all meetings and proceedings including all votes and resolutions; he shall direct and perform all duties incident to the office of the Secretary, including the sending of notices of meetings to the members, the Board, any appointed committees, and any other

duties as the President or Board of Trustees may so direct. The Secretary shall have charge of the minutes book and such other books and papers as the Board shall direct.

SECTION 8: THE TREASURER

The Treasurer shall have the responsibility for the Association's funds and securities and shall keep accurate accounts of receipts and disbursements in the Association's books; and shall deposit all monies, checks, and other valuable effects in the name and credit of the Association in such depositories as may from time to time be designated by the Board of Trustees. He shall disburse the funds of the Association as may be directed by the President or by the Board, making proper vouchers for such disbursements and shall render to the President and the Board at the regular meetings or whenever required by either of them an account of his transactions as Treasurer or of the financial condition of the Association.

SECTION 9: COMPENSATION

The officers shall receive no compensation except that they shall be entitled to reimbursement for all reasonable expenses incurred in the discharge of their duties.

ARTICLE V

FISCAL AFFAIRS AND ASSESSMENTS

SECTION 1: BANK ACCOUNT

The depository of the Association shall be such insured bank as shall be designated by the Board for that purpose, and moneys of the Association shall

be deposited therein. Money shall be withdrawn therefrom only upon check or order signed by the President and countersigned by the Treasurer or any two (2) other persons as shall be designated by the Board for that purpose.

Provisions of a Management Agreement may include, however, authority for the Managing Agent to sign checks on behalf of the Association in satisfaction of the Association's obligations.

SECTION 2: ANNUAL BUDGET

The Board shall cause to be prepared and shall adopt and distribute to all Unit Owners a detailed estimated proposed annual budget for each fiscal year of the Association. Such budget shall set forth with particularity all anticipated common expenses by category as well as all anticipated assessments, other income and cash requirements for the year, including, but not limited to, salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacement, landscaping, insurance, fuel, power and all other common expenses. Such budget shall also set forth each Unit Owner's proposed common expenses assessment. To the extent that the aggregate assessments and other cash income collected from the Unit Owners during the preceding year are more or less than the expenditures for such preceding year, the surplus or deficit as the case may be shall be taken into account in the budget. The annual budget shall also take into account the estimated net available cash income for the year from the lease, operation or use of the Common Elements. The annual budget shall also provide for a reserve for contingencies and a reserve for replacements, in reasonable amounts as determined by the Board. Each Unit Owner shall receive a copy of the proposed annual budget at least 30 days prior to the adoption thereof by the Board.

SECTION 3: PAYMENT OF ASSESSMENTS

On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Unit Owner shall pay, as his respective monthly assessment for the common expenses, 1/12th of his proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with his respective ownership interest in the Common Elements.

SECTION 4: ANNUAL ASSESSMENTS NOT MADE OR INSUFFICIENT

If an annual 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 added assessment. In the event any annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Trustees. A copy of the amended budget shall be furnished to each owner. Nothing herein shall serve to prevent the Board of Trustees from imposing a special assessment or to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency.

SECTION 5: NOTICE

Notice of all assessments made shall be sent to each owner in writing, directed to his last known address known to the Board, by ordinary mail. The notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails.

SECTION 6: ACCELERATION OF ASSESSMENTS FOR FAILURE TO PAY WHEN DUE

In the event that an owner shall fail to pay his equal monthly installment, which is due on the first day of each month, or any special assessment when due, the Board may accelerate the remaining installments of any assessment upon notice to the owner and to any mortgagee who previously notified the Association in writing of its status, and the then unpaid balance of the assessment(s) shall become due upon the date stated in the notice, which may be not less than five (5) days after delivery of the notice to the 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.

SECTION 7: SUPPLEMENTAL ASSESSMENTS

In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, or if there shall be any nonrecurring common expenses or any common expense not set forth in the annual budget as adopted, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of the year, or such nonrecurring common expenses or other common expenses, copies of which supplemental budget shall be furnished to each Unit Owner and thereupon a supplemental assessment shall be made against each Unit Owner for their proportionate share thereof.

SECTION 8: RESERVES

The Board shall not be obligated to expend all of the revenues collected in any accounting period and may maintain reasonable reserves for repairs,

replacements, emergencies, contingencies or uncollected accounts. The Board shall specifically designate and identify what portion of the annual assessment to be assessed against the owners, if any, are allocable to reserves. The amount thus assessed shall be collected and kept in an interest bearing and insured savings account, or in U.S. securities, specially designated for each reserve category. Notwithstanding the foregoing, the Board shall be permitted to maintain cash on hand, in a checking or petty cash account, for the necessary discharge of its obligations.

SECTION 9: ANNUAL REPORT

Within 90 days after the end of each fiscal year covered by an annual budget, or as soon thereafter as is practicable, but in any event within 120 days after the end of each fiscal year, the Board shall cause to be furnished to each Unit Owner an itemized accounting of the common expenses for the preceding year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus reserves.

SECTION 10: EXPENDITURES

Except for the Management Agreement described above, and any other expenditures or contracts specifically authorized by the Master Deed and By-Laws, the Board shall not approve any expenditure in excess of \$50,000 unless required for emergency repair, protection or operation of the Common Elements, nor enter into any contract more than five years duration, without the prior approval of three quarters (75%) vote of the total percentage of ownership of the Common Elements.

SECTION 11: INTEREST AND CREATION OF LIEN FOR UNPAID ASSESSMENTS

It shall be the duty of every Unit Owner to pay his proportionate share of the common expenses, as provided in the Master Deed and as assessed in the manner herein provided.

If any Unit Owner shall fail or refuse to make any such payment of the common expenses when due, the amount thereof, together with interest thereon at the rate as regularly fixed by the rules of the Board, but not in excess of the maximum percentage then permitted under the laws of the State of New Jersey, shall constitute a lien, as provided in the Act, enforceable by the Board, on the ownership interest of such Unit Owner in the property. However, such lien shall be subordinate to the lien of any prior recorded mortgage held by any existing mortgagee of the property, its successors and assigns, on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses which become due and payable from and after the date on which such mortgage holder either takes possession of the Unit, accepts the conveyance of any interest therein (other than as security), file suit to foreclose its mortgage and causes a receiver to be appointed. The provisions of this paragraph shall not be amended, modified or rescinded in any way without the prior written consent of all holders of a recorded mortgage encumbering any one or more of the Units.

The Association or its Board or its agents shall have the right to maintain a suit to foreclose any such lien and there shall be added to the amount due the cost of such suit and other fees and expenses together with legal interest and reasonable attorney's fees to be fixed by the Court. If any Unit Owner shall fail or refuse to pay when due his proportionate share of the common expenses and such Unit Owner withholds possession of his Unit after

demand by the Board in writing setting forth the amount claimed, the Board shall have the right to possession of such Unit by legal process. The Board shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Act, the Master Deed, these By-Laws or as otherwise permitted or provided in law or in equity, for the collection of all unpaid assessments.

SECTION 12: RECORDS TO BE KEPT

The Board shall cause to be kept detailed and accurate records of the receipts and expenditures affecting the Common Elements and specifying and itemizing the common expenses incurred. Such records shall be available for examination by the Unit Owners upon reasonable notice and at convenient business hours. A Unit Owner shall be entitled to be furnished with a statement of his account setting forth the amount of any unpaid assessments or other charges, upon receipt of a ten day's written notice and payment of a reasonable fee to be fixed by the Board.

SECTION 15: FISCAL YEAR

The fiscal year of the Association shall begin on October 1st, and end on September 30th.

ARTICLE VI

USE AND OCCUPANCY REGULATIONS AND RESTRICTIONS

SECTION 1: GENERAL

In addition to the restrictions set forth in the Master Deed, the following general rules shall apply. No unlawful, obnoxious or offensive

activity shall be carried on in any Unit or elsewhere on the property, nor shall anything be done therein or thereon which, in the reasonable judgment of the Board, constitutes a nuisance, creates unreasonable noise or disturbance to others or unreasonably interferes with other Unit Owners' use or enjoyment of their Units and the Common Elements.

Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his own expense and shall not do or allow anything to be done in his Unit which may increase the cost or cause the cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside his Units which may be visible from the outside from his Unit (other than draperies, curtains or shades of a customary nature and appearance, subject to the rules and regulations of the Board), or paint or decorate or adorn the outside of his Unit or install outside his Unit any canopy, sun shutters, storm shutters or awning or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission and consent of the Board or the managing agent, acting in accordance with the Board's directions. No owner of a Unit shall display, hang, or use any sign inside his Unit, which may be visible from his Unit without the prior written permission of the Board or the managing agent acting in accordance with the Board's direction.

SECTION 2: ALTERATIONS, MAINTENANCE AND REPAIR

In the interests of a uniform outside appearance, no Unit Owner shall alter, change, add or modify, permanently or temporarily the exterior of the building(s). Nor shall any Unit Owner do any work which would jeopardize the

safety or soundness of the building containing his Unit, or impair any easement or violate any restrictions.

Maintenance and repairs of an individual Unit which does not comprise part of other Common Elements shall be performed and executed by the Unit Owner at their own risk, cost and expense. Every owner shall be responsible for any damages, liabilities, costs or expenses, including attorney's fees, caused by or arising out of his failure to promptly and/or carefully perform any such maintenance and repair work. No owner shall make any structural modifications or alterations within the Unit without the written consent of the Association or its duly authorized representative.

SECTION 3: TRASH

Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in a clean and sanitary manner.

SECTION 4: STORAGE

Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in the corridors, hallways or other common areas, except in the common storage area.

SECTION 5: RESTRICTION ON USE OF COMMON ELEMENTS

The following restrictions are imposed concerning the Common Elements of the Condominium:

- (a) No signs of any kind shall be permitted.

(b) No building, planting or maintaining of any other matter or thing upon, in, over or under the Common Elements without the prior consent of the Association.

(c) No Unit Owner shall overload the electrical wiring in any building or operate any machines, appliances, accessories, equipment in such a manner as to cause, in the judgment of the Board of Trustees, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written consent of the Board or the prior written consent of the managing agent, or manager, acting in accordance with the Board's direction.

(d) No Unit Owner shall place in any area designated a common element, other than storage areas, furniture, packages, or objects of any kind. No trash, garbage, or excess materials of any kind shall be placed on or about the Common Elements except in designated areas. No Unit Owner shall report to the Association the need to repair any defect in the Condominium property.

SECTION 6: LIABILITY OF UNIT OWNER

The Association shall be indemnified by any Unit Owner for all expenses incurred in repairing or replacing any part(s) of the Common Elements damaged by his negligence, or by the negligence of his tenants, guests, agent, or licensees promptly upon receipt of the Association's statement.

SECTION 7: USE OF UNITS

All Units shall be utilized for solely residential purposes. However, the Sponsor may reserve Units for a sales model and/or office.

SECTION 8: RULES OF CONDUCT

Rules and regulations concerning the use of Apartment Units and the Common Elements may be promulgated and amended by the Board upon the approval of a majority thereof. Copies of such rules and regulations shall be furnished to each Unit Owner.

ARTICLE VII

PARKING, STORAGE AND LAUNDRY FACILITIES

SECTION 1: PARKING SPACES

The Sponsor shall have the right but not the obligation to control and assign parking spaces until the Sponsor sells the last Unit of the Condominium. Thereafter, the Association shall have the right but not the obligation to assign and control all parking spaces as the Board deems necessary. Maintenance of the parking spaces is a common expense. No boats, trucks, campers, trailers, commercial vehicles, recreational vehicles, or other vehicles or objects that are not passenger automobiles shall be parked in the parking spaces.

SECTION 2: STORAGE AREAS

The Association has the right but not the obligation to assign and control storage areas. Maintenance of the storage areas is a common expense. The Association may rent unassigned storage areas as it deems proper and use the rental income to offset common expenses.

SECTION 3: LAUNDRY AREAS

Maintenance of the laundry area is a common expense. All income from the laundry shall be used to offset the common expenses.

ARTICLE VIII
INDEMNIFICATION

SECTION 1: GENERAL

The Association shall indemnify and hold harmless each of its Trustees and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the Board, and the sponsor, against all contractual and other liabilities arising out of contracts made by or other acts of such trustees, Board, officers, committee members and sponsor on behalf of the Unit Owners or the Association or arising out of their status as trustee, officers, committee members and Sponsor, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses, including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement, reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which such trustee, officer, committee member or Sponsor may be involved by virtue of such person or persons being or having been such trustee, officer, committee member of sponsor. Notwithstanding the foregoing, such indemnification shall not be operative to relieve members of the Board of Trustees appointed by the Sponsor from their fiduciary responsibilities.

SECTION 2: ADVANCE PAYMENT

Expenses incurred in defending a civil or criminal action suit or proceeding may be paid by the Association in advance of the final disposition

of such actions, suit or proceeding as authorized by the Board, upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that such person or entity is entitled to be indemnified by the Association as authorized in Section 1 above.

SECTION 3: SPECIAL ASSESSMENT

The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment, any sums required to discharge its obligations under this Article.

SECTION 4: EXCULPABILITY

Unless acting in bad faith, neither Board as a body nor any Trustee nor any officer of the Association nor the Sponsor shall be personally liable to any owner in any respect of any action or lack of action arising out of the execution of his office. Each owner shall be bound by the good faith actions of the Board and officers of the Association, or their representatives, in the execution of their duties as said directors and officers.

ARTICLE IX

SECTION 1: AMENDMENTS

Amendment of these By-laws and the form of administration set forth herein may be accomplished at any duly convened meeting of the Unit Owners in the following manner:

- (a) Notice of the meeting shall contain a statement of the proposed Amendment.

(b) If the Amendment was unanimously approved by the full Board of Trustees, then it shall be approved by an affirmative vote of a majority of the Unit Owners.

(c) If the Amendment has not been unanimously approved by the Board of Trustees, then the Amendment shall be approved by the affirmative vote of not less than three-fourths (3/4) of the members.

(d) Modifications and amendments shall be recorded with the office of the Clerk of Morris County, in order to be valid and effective.

(e) Where these By-laws confer particular rights upon the Sponsor, the By-laws may not be amended or modified without the Sponsor's consent in writing so long as the Sponsor remains owner of one or more Units in the ordinary course of business.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 1: PARLIMENTARY RULES

Roberts Rules of order, when not in conflict with the Master Deed or these By-Laws, shall govern the conduct of Association meetings.

SECTION 2: CONFLICT

In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate of Incorporation shall control. In a case of any conflict between any provision of the Master Deed applicable to the Common Elements referred to in the Master Deed and these By-Laws, the provisions of the Master Deed shall control.

SECTION 3: NON-WAIVER

All the rights, duties and privileges of the Board as set forth more fully hereafter, 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.

SECTION 4: ADDITIONAL POWERS

In addition to and in furtherance of the powers referred to in these By-Laws, the Association shall have all the powers permitted to be exercised by a not for profit corporation under the laws of the State of New Jersey, which are not inconsistent with the Condominium Act, and shall have and exercise all powers necessary or convenient to effect any and all purposes for which the Association has been organized and to do every other act not inconsistent with the law which may be appropriate to promote and attain the purposes set forth in the Master Deed, these By-Laws and the Act.

SECTION 5: LIMITATION ON SPONSOR'S RIGHTS TO VOTE

The Sponsor shall not be permitted to cast any votes held by him for unsold lots, parcels, units or interests for the purpose of amending the Master Deed, By-Laws or any other document with the purpose of changing the permitted use of the lot, parcel, unit or interest, or for the purpose of reducing the common elements or facilities.

SECTION 5:

The Sponsor shall not be permitted to cast any votes allocated to unsold

lots, parcels, units or interests in order to amend the master deed, by-laws,
or any other document for the purpose of changing the permitted use of a lot,
parcel, unit or for the purpose of reducing the common elements or facilities.