BY-LAWS

OF

VERONA MANOR ASSOCIATION, INC.

A NEW JERSEY NOT FOR PROFIT CORPORATION

ARTICLE I

Name, Office and Purpose

Section 1. NAME AND PRINCIPAL OFFICE: These are the By-Laws of Verona Manor Association, Inc. (hereinafter called the "Association"). The principal office of the Association shall be located at 365 Bloomfield Avenue, Verona, New Jersey.

Section 2. PURPOSE: The Association is formed to serve as a means through which the condominium unit owner, (hereinafter "Unit Owners") may take action with regard to the administration, management, maintenance, repair and operation of the Property, in accordance with the provisions of a master deed (hereinafter the "Master Deed") to be recorded in the office of the Essex County Register, Newark, New Jersey, to which these By-Laws are appended as an exhibit.

The statutes relating to condominiums in effect in the State of New Jersey pursuant to which the Condominium is to be promulgated and governed are P.L. 1969, Ch. 257, R.S. 46:8B-1 et seq. of the laws of the state of New Jersey (hereinafter the "Condominium Act") and the Association is intended to be that defined in the Condominium Act.

ARTICLE II

Definitions

The following words, when used in these By-Laws, (unless the context shall prohibit), shall have the following meanings:

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a. "Association" shall mean and refer to Verona Manor Association, Inc., its successors and assigns.

b. "By-Laws" means the governing regulations adopted pursuant to the Condominium Act for the administration and management of the Condominium property.

c. "Common Elements" means general common elements and limited common elements, all as hereinafter defined. Common elements do not include a Unit.

d. "Common Expenses" means expenses for which the unit owners are proportionately liable, including, but not limited to:

i. all expenses of administration, maintenance, repair and replacement of the common elements and limited common elements;

ii. funds collected from unit owners as common expenses or otherwise; and

iii. receipts designated as common by the provisions of the Condominium Act, the Master Deed or the By-Laws.

e. "Common Surplus" means the excess of all common receipts over all common expenses.

f. "Condominium" means the form of ownership of real property under a Master Deed providing for ownership by one or more owners of units of improvements together with an undivided interest in common elements appurtenant to each such unit.

g. "Condominium Property" or "Property" means the land covered by the Master Deed, and all improvements thereon, including the one building consisting of a total of eighteen apartments and one professional office and all easements, rights and appurtenances belonging thereto or intended for the benefit thereof.

h. "Grantor" means Bel Aire Development Corp., its successors and assigns.

i. "General Common Elements" means all appurtenances and facilities and other items set forth in N.J.S.A. 46:8B-3(d) which are not part of the Unit nor are limited common elements.

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j. "Institutional holders of a first mortgage" means a savings and loan association, a commercial bank, a savings bank, an insurance company or any entity that is approved to handle governmental insured or related mortgage loans.

k. "Limited Common Elements" means those common elements which are for the use of one or more specified units to exclusion of other units.

l. "Majority" or "Majority of the Unit Owners" means the holders of more than 50% of the aggregate number of votes of the Association.

m. "Master Deed" means the Master Deed recorded under the terms of the Condominium Act, as such Master Deed may be amended or supplemented from time to time.

n. "Member" means the owner or co-owner of a unit.

o. "Owner" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any unit, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, unless and until such mortgagee has acquired title pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

p. "Person" means an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.

q. "Unit" means a part of the Condominium property designed or intended for residential use, having a direct exit to a common element or common elements leading to a public street or way or to an easement or right of way leading to a public street or way, and includes the proportionate undivided interest in the common elements and in any limited common elements assigned thereto in the Master Deed or any amendment thereof. A unit is more particularly described in Article 4 of the Master Deed.

r. "Unit Deed" means a deed of conveyance of a unit in recordable form.

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s. "Unit Owner" means the person or persons owning a unit in fee simple.

t. "Utility Services" includes, but is not limited to electric power, gas, hot and cold water, heating, refrigeration, air-conditioning, garbage and sewage disposal.

ARTICLE III

Plan of Unit Ownership

Section 1. APPLICABILITY OF BY-LAWS: The provisions of these By-Laws are applicable to the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the building ("Building") and all other improvements thereon (including the units and the common elements), and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all as set forth in the Master Deed.

Section 2. APPLICATION: All present and future owners, mortgagees, lessees and occupants of units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the rules and regulations of the Association and the Master Deed.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-Laws, the rules and regulations of the Association and the provisions of the Master Deed, as they may be amended from time to time, are accepted, ratified and will be complied with. Each purchaser of a unit in the Condominium shall, by virtue of his ownership, become a member of the Association.

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ARTICLE IV

Membership-Assessments

Section 1: MEMBERSHIP: Every person or entity who is a record Owner of a fee or undivided fee interest in any Unit shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

Section 2: ASSOCIATED MEMBERSHIP: Every person who is entitled to possession and occupancy of any Unit as a tenant or lessee of a Member, may be an Associate Member of the Association, and as such, shall be privileged to use its Common Elements, subject to the Rules and Regulations of the Association.

Section 3: The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of and becomes a lien upon the Owner's Unit against which such assessments are made as provided by Article 18 of the Master Deed to which the Properties are subject and which is being recorded simultaneously with these by-laws and which provide as follows:

A. Creation of the Lien and Personal Obligation of Assessments. The Grantor for each Unit owned by it within the Properties hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to pay to the Association: (i) annual assessments or charges; (ii) special assessments for capital improvements such assessments to be fixed,

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established and collected from time to time, as hereinafter provided; (iii) assessments for a Reserve Fund or for any other charges as may be provided for under the provisions of the Master Deed or these By-Laws. The aforesaid assessments and charges, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided shall also be the personal obligation of the person or persons or entity who was the Owner of such Unit as the time when the assessment fell due. In the case of co-ownership of a Unit, all such co-owners of the Unit shall be jointly and severally liable.

B. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Property and in particular for the improvement and maintenance of the Common Elements, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, the facilities thereon, including but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof, and all costs and expenses incidental to the operation and administration of the Association and its facilities and services.

C. Basis and Maximum of Annual Assessments. The annual assessment shall be established by vote of the Board of Directors, for each succeeding one (1) year period, and

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at the end of such period of one (1) year, for a succeeding period of one (1) year, subject to the rights of Members as hereinafter provided in Sub-Section E.

The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the actual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the Association of its right to revert to the full assessment for the remaining year or years in the then current period fixed as provided in the preceding paragraph.

D. Temporary Tax Assessment. Notwithstanding any other provision herein contained until such time as the Borough of Verona assesses each condominium unit separately, the Association shall pay the New Jersey Real Property Taxes assessed against the condominium property and shall levy a supplemental assessment promptly upon receipt of tax bills payable by the unit owners, which supplemental assessment shall be allocated and assessed to each Unit in direct proportion to that Unit's percentage of ownership interest in the Common Elements and shall not require a vote of the Unit Owners.

E. Special Assessments for Capital Improvements.

(a) In addition to the annual assessments authorized by Sub-Section C hereof, the Association may levy in any assessment year: (i) a special assessment, applicable to that year only, for the purposes of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Elements, including the necessary fixtures

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and personal property related thereto; (ii) a special assessment, applicable to that year only or for a specified number of years, for the purpose of establishing a reserve account for future capital improvements, provided that any such assessment, whether under (a)(i) or (a)(ii) above, shall have the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

(b) In all instances specified within this Sub-Section E where a special assessment is levied, the Association shall act in an agency capacity in collecting the special assessment and shall establish a separate bank account for the depositing of each special assessment, and not co-mingle these funds with the general assessments set forth in Sub-Section B. All funds accumulated in the separate accounts shall only be used for the stated purposes and the Association shall be under a fiduciary obligation to expend the funds so collected for the stated purposes.

(c) The Grantor, while in control of the Association, will not make any alterations or improvements that will cause a special assessment or a substantial increase in the monthly assessment except in cases of emergency.

F. Change in Basis and Maximum of Annual Assessments. Subject to the limitations of Sub-Section C hereof, and for the periods therein specified, the Association may change the maximum and basis of the assessments fixed by Sub-Section C hereof prospectively for any such period by the Board of Directors, provided that any such change shall have

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the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

G. Quorum for Any Action Authorized Under Sub-Sections E and F The quorum required for any action authorized by Sub-Sections E and F hereof shall be as follows:

At the first meeting called, as provided in Sub-Sections E and F hereof, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60%) percent of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sub-Sections E and F, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

H. Date of Commencement of Annual Assessments: Due Dates The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessments shall be made for the balance of the fiscal year and shall become due and payable on the first day of each month remaining in the fiscal year. The assessments for any year, after the first year, shall become

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due on the first day of the first month of said fiscal year and payable monthly in accordance with the method of payment adopted by the Resolution.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Sub-Section C hereof as the remaining number of months in that year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date(s) of any special assessment under Sub-Section E hereof shall be fixed in the Resolution authorizing such assessment.

Section 4: The membership rights of any person whose interest in a Unit is subject to assessments under Article IV, Sections 1 & 2 of these By-Laws, whether or not he be personally obligated to pay such assessment, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common Elements and the personal conduct of any person thereon, as provided in Article VI, Sections 1 & 2 of these By-Laws, they may, in their discretion suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

Section 5: (a) The Association, through its Board of

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Directors, shall establish and maintain a Reserve Fund for purposes of defraying the cost of the repair and replacement of the capital improvements and mechanical equipment constituting the Common Elements.

(b) All monies so collected shall be established in a separate fund, as provided in Article IV, Section 3E(b) to be held strictly in furtherance of the purposes stated in subparagraph (d) of this Section.

(c) In accordance with the provisions of Article IV, Section 3E, the Association, through its Board of Directors, shall have the right, during any calendar years, to levy a special assessment for the purpose of adding to the reserve fund account established in subsection (a) of this Section 5 for the purposes set forth in subsection (a) of this Section 5.

In determining the special assessment to be so levied, the Board of Directors shall take into consideration the existing capital improvements and their respective life span.

The Board of Directors shall have the absolute right to levy this special assessment in accordance with the provisions of this Article without the requirement or need to acquire the two-thirds (2/3) consent of the members.

(d) In the event withdrawals are made from the fund for the aforestated purposes, the Board of Directors, without the requirement or need to acquire the two-thirds (2/3) consent of the members shall, for the next succeeding year and thereafter, add to the monthly assessments a special assessment, so as to reestablish the Reserve Fund.

The Board of Directors, in accordance with the provisions of Article IV, Section 3E(a) shall have the right to increase

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the amount of monies in the reserve fund established under this Article IV.

Section 6: The Association, in furtherance of its collection of the monthly assessment, shall establish and maintain a separate fund for that portion of the monthly assessment applicable to the insurance premiums. All such monies collected for insurance premiums shall be held in a separate fund, as provided in Article IV, Section 3E(b) to be held strictly in furtherance of and for payment of insurance premiums.

ARTICLE V

Voting Rights

Each Unit Owner shall be entitled to two votes for each Unit in which he holds the interest required for membership by Section 1, Article IV. When more than one person holds such interest or interests in any Unit, all such persons shall be members and the votes for such Unit shall be exercised as they among themselves determine, but in no event shall more than two votes be cast with respect to any such Unit. The Unit designated as Unit 1A or its substitute as provided in the Master Deed, shall have no votes, this unit to be owned by the Association and occupied by a superintendent or other similar person.

ARTICLE VI

Board of Directors

Section 1. NUMBER AND QUALIFICATION: The affairs of the Association shall be governed by a Board of Directors consisting of not less than five (5) members. Until the Master Deed shall have been recorded by the Grantor, and at least 25% of the Condominium Units have been conveyed by Grantor, the Board of Directors of the Association shall consist of such persons as shall be designated by the Grantor who shall serve as such until the first meeting of the Unit

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Owners as provided in Section 3 of this Article VI of these By-Laws. Thereafter the Board of Directors shall consist of five (5) persons (or such greater number as may be fixed by the Board of Directors from time to time), each of whom shall be owners or spouses of owners of Units or in the case of partnership owners shall be members or employees of such partnership, or in the case of corporate owners shall be officers, stockholders or employees of such corporation, or in the case of fiduciary owners, shall be fiduciaries or officers or employees of such fiduciaries provided that at least one of the members of the Board of Directors shall be a resident of the State of New Jersey.

Section 2. POWERS AND DUTIES: The Association by its Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except as by law or by the Master Deed or by these By-Laws, may not be delegated to the Board of Directors by Unit Owners. Such powers and duties of the Association by its Board of Directors shall include but shall not be limited to the following:

(a) The operation, care, upkeep, repair and replacement of the Common Elements and services and personal property of the Association, if any, together with the right to use all funds collected by the Association to effectuate the foregoing.

(b) Determination of the Common Expenses required for the affairs and duties of the Association including the establishment of reasonable reserves if required for depreciation, retirement and renewals.

(c) Collection of the Common Expenses and assessments from the Unit Owners together with any costs and expenses of collection thereof.

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(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Property, including the Common Elements and other property which may be owned by the Association.

(e) Adoption and amendment of rules and regulations covering the operation and use of the Property.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Purchase or arrangement for such services, machinery, tools, supplies and the like as in the opinion of the Board of Directors may from time to time, be necessary for the proper operation and maintenance of the Property and Common Elements and the facilities and general business of the Association. The Board of Directors may also employ a manager for the Association at such compensation as it may deem appropriate to perform such duties as the Board of Directors may so designate and may lawfully delegate.

(h) Employment of legal counsel, engineers and accountants and to fix their compensation whenever such services may be deemed necessary by the Board of Directors.

(i) Maintenance of detailed books of account of the receipts and expenditures of the Association. The aforesaid books of account shall be audited when requested by the Board of Directors but not less than annually by a certified public accountant and a statement reflecting the financial condition and transactions of the Association shall be furnished to each Unit Owner on an annual basis. The books of account and any supporting vouchers shall be made available for examination by a Unit Owner at convenient hours on working days that shall be established by the Board of Directors and announced for general knowledge.

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(j) Maintenance and adequate fidelity bonds for Association officers, agents and employees handling Association funds and records, at such times and in such amounts as the Board of Directors may deem necessary. The premiums for such coverages shall be paid by the Association and shall constitute a Common Expense.

(k) Payment of all taxes, assessments, utility charges and the like assessed against any property of the Association or assessed against any Common Element, exclusive of any taxes or assessments properly levied against any Unit Owner.

(l) Purchasing or leasing or otherwise acquiring in the name of the Association or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrender by their Unit Owners to the Association or to the Board of Directors, when so required in the discretion of the Board of Directors.

(m) Purchasing of Units at foreclosure or other judicial sale in the name of the Association, or its designee, corporate or otherwise, on behalf of all Unit Owners when so required in the discretion of the Board of Directors.

(n) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of the Board of Directors), or otherwise dealing with Units acquired or leased by the Association, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(o) Adjust or increase the amount of any monthly installment payment of Common Expenses and to levy and collect from Unit Owners special assessments in such manner as the Board of Directors may deem necessary to defray and

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meet increased operating costs, capital expenses or to resolve emergency situations; provided, however, that all such special assessments or increased payment assessments shall be levied against the Unit Owners in the same proportions or percentages as provided in Exhibit D of the Master Deed.

(p) Organizing corporations to act as designees of the Association in acquiring title to or leasing of Units on behalf of all Unit Owners.

(q) Those powers and duties as stated in the Master Deed.

(r) Making of repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of the Master Deed and these By-Laws after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings. When in the opinion of the Board of Directors any of the Common Elements requires protection, renewal, maintenance or repair or when enforcement of any of the Association's rules and regulations so require or when the abatement of any nuisance is required or in any emergency situation, the Board of Directors will have the right to enter any Unit for such purpose. Such entry shall, however, be done with as little inconvenience to the Unit Owners thereof as is reasonably possible, provided, however, that such entry shall be upon notice and be during reasonable hours, except in the case of emergencies; each Unit Owner, by the acceptance of a deed conveying each Unit to the Unit Owner expressly and irrevocably grants and confirms the rights of entry aforesaid.

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(s) To establish fees relating to use of the parking garages and enter into lease agreements relative thereto.

(t) To grant and execute any agreements relative to laundry, concessions, CATV licenses or any other agreement of mutual benefit to the Association and Unit Owners.

(u) To have and to exercise any and all powers, rights and privileges which a corporation organized under the General Non Profit Corporation Law of the State of New Jersey by law now or hereafter have or exercise.

Section 3. TERM OF OFFICE: At the first meeting of the Unit Owners, which meeting shall be held during the month following the conveyance of 25% of the Units by the Grantor, the term of office of two members of the Board of Directors shall be fixed at three (3) years, the term of office of two members of the Board of Directors shall be fixed at two (2) years and the term of office of the remaining one member of the Board of Directors shall be fixed at one (1) year. The two three year terms shall go to the two individuals receiving the highest number of votes; the two two year terms shall go to the two individuals receiving the next highest number of votes; the one year term goes to the individual receiving the next highest number of votes. At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected to serve for a term of three years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners.

Section 4. (a) NOMINATION: Nomination for election to the Board of Trustees shall be made by a Nominating Committee.

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Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors and two or more members of the Association. The Nominating Committee shall not consist of any individuals appointed by the Grantor-Sponsor. The Nominating Committee shall be appointed by the Board of Directors prior to each meeting of the members, to serve from the close of each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

(b) ELECTION: Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Deed. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted.

Section 5. SURRENDER OF CONTROL OF BOARD OF DIRECTORS: Control of the Condominium Association shall be surrendered to the Condominium Unit Owners in the following manner:

1. Upon conveyance of 25% of the Condominium Units, not less than 25% of the members of the Board of Directors shall be elected by the Condominium Unit Owners;

2. Upon conveyance of 50% of the Condominium Units, not less than 40% of the members of the Board of Directors shall be elected by the Condominium Unit Owners.

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3. Upon conveyance of 75% of the Condominium Units, the Grantor's control of the Board of Directors shall terminate and at such time the Condominium Unit Owners shall elect the entire Board of Directors, except that so long as any Condominium Units remain unsold, in the regular course of business, the Grantor may retain one member of the Board of Directors.

Notwithstanding the above provisions, Grantor shall surrender control of the Board no later than sixteen months from the filing of the Master Deed and these By-Laws.

The Grantor may surrender control of the Board of Directors of the Association prior to the time as specified, provided, the Condominium Unit Owners agree by a majority vote of those eligible and present to vote, to assume control. Once controlled by the Condominium Unit Owners, the Association shall not take any action that would be detrimental to the Grantor's sale of the remaining unsold Condominium Units.

Notwithstanding the above provisions the time as to transfer of control by Grantor shall be in accordance with N.J.A.C. 5:26-8.4.

Section 6. REMOVAL OF MEMBERS OF THE BOARD OF DIRECTORS: At any annual or special meeting of Unit Owners any one or more of the members of the Board of Directors may be removed with or without cause by a majority vote pursuant to Section 7 of Article IX hereof and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting called for such purpose.

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Section 7. VACANCIES: Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the Unit Owners and which vacancy has a remaining term of less than six months, same shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy provided, however, that if the vacating Board member was a Unit Owner then only Unit Owner Board members may vote to fill the vacancy, and each person so elected shall be a member of the Board of Directors until a successor shall be elected at the next annual meeting of the Unit Owners and the term of the newly elected director shall be for the balance of the term of the vacated directorship. As to any vacancy having an unexpired term exceeding six months, then said vacancy shall be filled by a person duly elected by the Unit Owners at a special meeting and the term of the newly elected director shall be for the balance of the term of the vacated directorship.

Section 8. ORGANIZATIONAL MEETING: The Board of Directors shall hold an organizational meeting within fifteen (15) days of the date that the Unit Owners holds its first meeting and thereafter after each annual meeting, said organizational meeting shall be held at such time and place as shall be fixed by the Unit Owners at the organizational meeting at which such Board of Directors shall have been elected and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

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Section 9. REGULAR MEETINGS: Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two such meetings shall be held during each fiscal year of the Association. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors by mail or telegraph at least ten (10) business days prior to the day designated for such meeting.

Section 10. SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by the President of the Association on three (3) business days' notice to each member of the Board of Directors given by mail or telegraph, which notice shall state the time, place and purpose of the meetings. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice at the written request of at least three members of the Board of Directors.

Section 11. WAIVER OF NOTICE: Any member may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place thereof. If the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. QUORUM OF BOARD OF DIRECTORS: At a meeting of the Board of Directors a majority of members thereof shall constitute a quorum for the transaction of business and the votes of a majority of the members of the Board

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present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. FIDELITY BOND: The Board of Directors shall obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a Common Expense.

Section 14. COMPENSATION: No member of the Board of Directors shall receive any compensation from the Association for acting as such.

Section 15. LIABILITY OF THE BOARD OF DIRECTORS: The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors

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or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements. Every agreement made by the Board of Directors on behalf of the Association shall provide that the members of the Board are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners) and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Nothing to the contrary stated herein shall exculpate the members of the Board of Directors appointed by the Grantor/Developer from their fiduciary responsibilities.

Section 16. MANAGING AGENT AND MANAGER: The Board of Directors may employ a managing agent and/or a manager for the Condominium at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or the manager all of the powers granted to the Board of Directors by these By-Laws, but notwithstanding such delegation, will remain responsible to the Unit Owners for the proper performance of such duties and services.

ARTICLE VII

Officers

Section 1. DESIGNATION: The principal offices of the Association shall be the President, Vice-President, the

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Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President and Vice-President, but no other officers, need be members of the Board of Directors.

Section 2. ELECTION OF OFFICERS: The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 3. REMOVAL OF OFFICERS: Upon the affirmative vote of a majority of the members of the Board of Directors any officer may be removed with or without cause and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4. PRESIDENT: The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Unit Owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under New Jersey Law, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate, to assist in the conduct of the affairs of the Association.

Section 5. VICE-PRESIDENT: 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,

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the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President 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 of Directors or the President.

Section 6. SECRETARY: The Secretary shall keep the minutes of all meetings of Unit Owners and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under New Jersey Law. The Secretary shall also perform the duties aforesaid for any committees as the Board of Directors or the President may so direct.

Section 7. TREASURER: The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors and he shall generally perform all duties incident to the office of Treasurer of a corporation under New Jersey Law. He shall render to the President and the Board of Directors at the regular meetings of the Board of Directors whenever either the President or the Board of Directors shall require, a full account of his transitions as Treasurer and a full account of the financial condition of the Association.

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Section 8. COMPENSATION OF OFFICERS: No officers shall receive any compensation from the Association for acting as such.

Section 9. AGREEMENTS, CONTRACTS, DEED, CHECKS, ETC.: All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 10. INDEMNIFICATION OF OFFICERS: Each officer, his heirs, administrators and executors shall be indemnified and held harmless by the Association against any losses, expenses and counsel fees reasonably incurred in connection with any action or proceeding in which said officer, his heirs, administrators and executors are made a party by reason of such office. Provided, however, that should such officer be adjudged in such action to have been guilty of gross negligence or willful misconduct, the aforesaid indemnity shall not apply. In the event of a settlement, such officer shall be indemnified only as to such matters covered by the settlement which the Association is advised by its counsel is not the result of such gross negligence or willful misconduct of such officer. The aforesaid indemnification is intended to encompass the aforesaid acts of the officers as such to the extent herein provided and is not intended to be operative with respect to any duties, obligations or liabilities assumed by such officers as Unit Owners or Association members.

ARTICLE VIII

Operation of the Property-Insurance

Section 1. DETERMINATION AND ESTABLISHMENT OF COMMON

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EXPENSES: The Board of Directors shall, in accordance with Article IV, prior to the beginning of each fiscal year of the Association, prepare a budget which shall determine the amount of common charges payable by each Unit Owner to meet the Common Expenses of the Association including any reserves and to make up for any deficit in the Common Expenses for any prior year. The Board of Directors shall allocate and assess such charges among the Unit Owners according to and in the percentage of their respective ownership of Common Elements as set forth in the Master Deed. Unit Owners shall be advised of the amount of Common Expenses payable by each of them and these charges shall be paid to the Association in twelve (12) equal monthly installments on the 1st day of each month of the fiscal year in advance at the office of the Association. A statement of the aforesaid yearly charges shall be mailed to each Unit Owner at the commencement of each fiscal year and no further billing by the Association shall be required. The Common Expenses shall include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property, including, but not limited to the cost of insurance premiums on all policies as required by these By-Laws or the Master Deed, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Association or its designee, corporate or otherwise, on behalf of all Unit Owners of any Unit whose owner has elected to sell or lease such Unit, or of any Unit which is to be sold at a foreclosure

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or other judicial sale. The Board of Directors shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of them respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of each budget on which such Common Expenses are based to all Unit Owners.

Section 2. INSURANCE:

A. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance upon the Common Elements and upon equipment and personal property owned by the Association. The policies so obtained shall be for the benefit and protection of the Association and the owners of the Units and their respective mortgages as their interests may appear. Such policies shall include provisions that they be without contribution that improvements to Units made by Unit Owners shall not affect the valuation of the Property for the purposes of insurance and that the insurer waives its rights of subrogation as to any claims against Unit Owners, the Association and their respective employees, servants, agents and guests. The coverages shall be against the hereinafter enumerated perils and contingencies:

(1) A policy of property insurance equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundation, excavation, and other items normally excluded from coverage) of the condominium property (including all building service equipment and the like, and including all structural or non-structural walls, fixtures, equipment within each and every Unit). Said insurance must protect against at least the following:

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(a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage;

(b) if the project contains a steam boiler, a broad-form policy of repair and replacement boiler and machinery insurance of at least $50,000 per accident per location; and

(c) such other risks as are customarily covered in similar projects.

(2) A comprehensive policy of public liability insurance covering all of the common elements in the condominium property with a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of a unit owner because of the negligent acts of the Association or another unit owner, with limits not less than $1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for nonowned and hired automobile, liability for property of others and, if applicable: garage-keeper's liability, host liquor liability, and such other risks as are customarily covered in similar projects. Any such policy shall be subject to Federal National Mortgage Association or Federal Home Loan Mortgage Corporation approval, if applicable.

(3) The Association shall maintain adequate fidelity coverage against dishonest acts by its officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. Such

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fidelity bonds shall meet the following requirements:

(a) all shall name the Owners Association as an obligee;

(b) all shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association including reserves.

(c) all shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(d) all shall provide that they may not be cancelled or substantially modified without at least 30 days prior written notice.

(4) Any insurance obtained shall be subject to the following:

(a) the named insured under any such policies shall be the Association, as a trustee for the Owners of the Units, or its authorized representative, including any trustee with which such Association may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be referred to as the "Insurance Trustee who shall have exclusive authority to negotiate losses under these policies (any Insurance Trust Agreement shall be subject to the prior approval of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or their successor); and

(b) insurance coverage obtained and maintained may not be brought into contribution with insurance purchased by the owners of the Units or their mortgages;

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(c) coverage must not be prejudiced by (a) any act or neglect of the owners of the Units when such act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control;

(d) coverage may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least 30 days' prior written notice to any and all insureds; and

(e) all policies must contain a waiver of subrogration by the insurer as to any and all claims against the Association, the owner of any Unit and/or their respective agents, employees or tenants, and of any defenses based on co-insurance or on invalidity arising from the acts of the insured.

(f) all policies of property insurance must provide that, despite any provisions giving the carrier (insurer) the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any Insurance Trustee).

(5) WORKMEN'S COMPENSATION: coverage to meet the requirements of law.

All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association and the Unit Owners, as a group, to an individual owner.

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(6) Such other insurance as the Board of Directors may deem proper and necessary, or as required under the Master Deed. Each Unit Owner shall have the right to obtain insurance at his own expense, affording coverage upon his personal property, including betterments and improvements, and for his personal liability and as may be required by law, but all such insurance shall contain the same waiver of subrogation as that referred to hereinabove (if same is available) and must be obtained from an insurance company from which the Association obtains coverage against the same risk liability or peril if the Association has such coverage. However, a Unit Owner shall not be obligated to purchase such insurance through the broker handling the same for the Association.

B. All insurance policies maintained by the Association shall be for the benefit of the Association and the Unit Owners, and their mortgagees, as their respective interest may appear and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association, as Trustee, the Association, as Trustee, shall hold such proceeds for the benefit of the Association, the Unit Owners, and their respective mortgagees in accordance with the provisions of the Master Deed.

Section 3. PAYMENT OF COMMON EXPENSES:

A. All members shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of Article VIII of these By-Laws, which payment shall be made monthly on the first day of each

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month to the Association at the principal office of the Association or at such other place as may be designated by the Board of Directors. Each member of the Association, shall in addition, be required to maintain with the Association a sum equal to 1/6th of the estimated annual assessment of his Unit as security by the Association for working capital.

Unit Owners may be required to supplement said security from time to time by future payments in the event that the estimated annual assessment for future years is increased, or if the amount theretofore paid has been applied in whole or in part for working capital.

B. The pro-rata contribution of each member toward the Common Expenses which a member shall be obligated to pay shall be based upon the percentage or share of the member's interest in the Common Elements as the same is set forth in the Master Deed. No abandonment of the Unit owned by a member of a waiver of the use and enjoyment of any of the Common Elements shall exempt or excuse any member from his contribution toward the expenses aforesaid.

Section 4. PAYMENT OF SPECIAL ASSESSMENTS: Special assessments, when levied by the Board of Directors, pursuant to these By-Laws, shall be paid by the members in such manner as may be determined by the Board of Directors; provided, however, that the pro-rata contribution of each member for such special assessment shall be in accordance with Section 3 of this Article.

Section 5. DEFAULT IN PAYMENT OF COMMON EXPENSES AND ASSESSMENTS: All Common Expenses and assessments chargeable to and payable by a member for his Unit shall constitute a lien against said Unit in favor of the Association without

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the necessity for the filing of any such lien or notice of lien with the office of any State, County or Municipal Official. The aforesaid lien shall be prior to all other liens except:

(a) any similar liens by the Association for prior charges and assessments;

(b) assessments, liens and charges for unpaid taxes due on said Unit;

(c) permitted first mortgages of record upon such Unit.

All assessments that remain unpaid for over thirty days shall bear interest from the assessment due date at the highest rate permitted by law.

The lien aforesaid may be foreclosed as provided in the Master Deed, in the same manner as real estate mortgages, and in the event of such foreclosure the Association shall, in addition to the amount due, be entitled to recover interest as hereinbefore provided on such sum or sums due, together with the reasonable expenses of such action, including costs and attorney's fees.

A suit by the Association against the delinquent member to recover a money judgment for the unpaid Common Expenses and assessments shall be maintainable without foreclosing or waiving the lien securing the same. The action for a money judgment shall be instituted by the Association upon the expiration of ninety days after any Common Expense or assessment shall be due and payable. Failure to pay any installment of any of the Common Expenses and assessments when due, shall, at the option of the Board of Directors, render the entire annual amount due and payable, as if no installment provisions were operative.

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Section 6. MAINTENANCE AND REPAIR:

A. All maintenance, repairs and replacements to the "Common Elements", whether located inside or outside of the Units (unless necessitated by the negligence, misuse, or neglect of a Unit Owner, his tenants, agents, guests, licensees or servants, in which case such expense shall be charged to such Unit Owner), and regardless of whether there is special benefit thereby to particular Unit Owners, shall be made by the Association and be charged to all members as a Common Expense.

B. All maintenance, repairs and replacements to such portion of any Unit which does not comprise a part of the Common Elements or any part or parts thereof belonging in whole or in part to other members, shall be made promptly and carefully by the member or members owning such Units at their own risk, cost and expense. Each member shall be liable 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.

Section 7. STAIRWELLS: A stairwell (stairway) to which a second floor Unit has sole access (Limited Common Element) shall be for the exclusive use of the Unit Owner of such Unit. Any such stairwell shall be kept free and clean of debris, dirt and any other accumulation by the Unit Owner of such Unit who shall also make repairs thereto caused or created by his negligence, misuse or neglect. All other repairs in, to or with respect to such stairwell shall be made by the Association.

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Section 8. RESTRICTIONS ON USE OF UNITS: In order to provide for congenial occupancy of the Property and for the protection of the values of the Units the use of the Property (including the Association property) shall be restricted to and shall be in accordance with the following provisions:

(a) The Common Elements as well as the property and facilities of the Association shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units and parking spaces.

(b) No nuisances shall be maintained by any Unit Owner, nor shall any use or practice be allowed by any owner which is a source of annoyance to, or which interferes with the peaceful possession or proper use of, the Units or Common Elements by Unit Owners.

(c) No immoral, improper, offensive or unlawful use shall be made of any Unit or part thereof or of any of the Common Elements, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof shall be complied with, by and at the sole expense of the Unit Owners or the Association, whichever shall have the obligation to maintain or repair such portion.

(d) No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein, all as stated in the Master Deed.

Section 9. ADDITIONS, ALTERATIONS OR MODIFICATIONS: No member shall make any structural additions, alterations,

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or improvements in or to his Unit (or elsewhere on the Property) without the prior written consent thereto of the Board of Directors or impair any easement without the written consent of the Board of Directors or of the Unit Owner(s) for whose benefit such easement exists. The provisions of this Section shall not apply to the Units owned by the Grantor until such Units shall have been initially sold by the Grantor and paid for. The Grantor, while in control of the Association, will not make any additions, alterations, purchases or improvements that will cause a special assessment or a substantial increase in the monthly assessment, except in cases of emergency or if required by a governmental agency or a mortgage lender. Additionally, Grantor will not cast any votes as to change the use of any units or cause an encroachment upon the Common Elements.

Section 10. USE OF COMMON ELEMENTS AND FACILITIES:

A Unit Owner shall not place or cause to be placed in the lobbies, vestibule, stairways, or other Common Elements, and other than the areas designated as storage areas, any furniture, packages, or objects of any kind. The lobbies, vestibules, public halls, stairways and walkways shall be used for no purpose other than for normal transit.

Section 11. RIGHT OF ACCESS: A Unit Owner shall grant a right of access to his Unit to the Association or any person authorized by the Association for the purpose of making inspections, or for the purpose of correcting any condition originating in his Unit and threatening any Unit or Common Element, or for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere

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in the Property, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.

Section 12. ADDITIONS, ALTERATIONS, OR IMPROVEMENTS BY ASSOCIATION: The Association shall have the right to make or cause to be made such alterations and improvements to the Common Elements (which do not adversely prejudice the right of any Unit Owner unless his written consent has been obtained) provided the making of such alterations and improvements is first authorized by the Board of Directors of the Association and, if the cost of same exceeds $3,500.00, said work is approved by not less than a majority of the Unit Owners. The costs of such alterations and improvements shall be assessed as Common Expenses, unless in the judgment of not less than 70% of the Board of Directors, the same are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same in which case such requesting Owners shall be assessed therefor in such proportion as they approve jointly and failing such approval, in such proportions as may be determined by the Board of Directors.

Section 13. RULES OF CONDUCT: Rules and regulations concerning the use of Units and the Common Elements may be promulgated and amended by the Association with the approval of a majority of the Unit Owners. Copies of such rules and regulations shall be furnished by the Association to each Unit Owner.

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ARTICLE IX

Meetings of Unit Owners

Section 1. PLACE OF MEETINGS: The Unit Owners of the Condominium shall hold meetings at the principal office of the Condominium at 365 Bloomfield Avenue, Verona, New Jersey, or at such other place as may be fixed, from time to time, by the Board of Directors and designated in the notice of such meeting. The first annual meeting of the Unit Owners shall be held at 8 o'clock P.M. on the first Monday of the month following the month in which the Grantor has conveyed title to twenty-five (25%) percent of the units to individual Unit Owners. Thereafter an annual meeting of the Unit Owners shall be held on the first Monday of said month or in the event that day is a holiday on the first day thereafter which is not a legal holiday in each succeeding year. At the annual meeting the Unit Owners shall elect a Board of Directors of the Association and may transact such other business as may properly come before the meeting.

Section 2. SPECIAL MEETINGS: Special meetings may be called by the President, Vice-President, Secretary, or a majority of the Board of Directors, and must be called by such officers upon receipt of a written request of thirty percent (30%) or more of the Unit Owners. Such written request shall state the purpose or purposes of the proposed meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

Section 3. RECORD DATE: For the purpose of determining the Unit Owners entitled to notice of any meetings of the Association or any adjournment thereof or for the purpose of

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any other action, the Board of Directors shall fix in advance a date as the record date for such determination. Such date shall not be more than thirty (30) nor less than ten (10) days before the date of the meeting. If no record date is fixed, then the date shall be determined in accordance with the provisions of law relating thereto.

Section 4. NOTICE OF MEETING: Notice of meetings of the Unit Owners shall be in writing. Notice of the meeting other than the annual meeting shall indicate and state that it is being issued by or at the direction of the person or persons calling the meeting. Such notice shall be mailed or delivered not less than ten (10) or more than ninety (90) days prior to the date of the meeting. Notice of all meetings at which disposition is to be made of assets, granting of rights or easements in the Property must also be given to the holders of the first mortgages of any Units.

Section 5. WAIVER OF NOTICE: Notice of a meeting need not be given to any Unit Owner who signs a waiver of notice either in person or by proxy, whether before or after the meeting. The attendance of any Unit Owner at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting, the lack of proper notice of such meeting, shall constitute a waiver of notice of meeting by him.

Section 6. QUORUM: The presence in person or by proxy of Unit Owners holding at least fifty-one percent (51%) or more of the votes eligible to be cast by all the Unit Owners shall constitute a quorum at a meeting of the Unit Owners.

Section 7. MAJORITY VOTE: The vote by a majority of the

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Unit Owners at a meeting at which a quorum shall be present shall be binding upon the Unit Owners for all purposes except where in the Master Deed or these By-Laws or the provisions of New Jersey law, a higher percentage rate is required.

Section 8. VOTING: The Association may, but shall not be required to, issue certificates or other evidence of membership. The aggregate number of votes for all Unit Owners shall be thirty-six (36) and each unit shall have two (2) votes. A fiduciary shall be entitled to vote with respect to any Unit owned in a fiduciary capacity. If a Unit is owned by more than one Unit Owner the votes allocable to such Unit may be divided in any manner as the Unit Owners owning the same shall determine. A Unit which has been acquired by the Association in its own name or in the name of its agents, designee or nominee on behalf of all of the Unit Owners shall not be entitled to a vote so long as it continues to be so held. Votes may be cast by each Unit Owner in person or by his proxy when filed with the Secretary of the Association. The designation of any such proxy shall be made in writing and filed with the Secretary of the Association before the appointed time of the meeting. A proxy is valid only for the particular meeting designated therein. A proxy may be revoked by the Unit Owner by appearance in person at the meeting and there and then filing with the Secretary at that time notice of the revocation.

Section 9. GOOD STANDING: As used in these By-Laws, a Unit Owner shall be deemed "in good standing" and shall therefore be entitled to vote as herein provided at any

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meeting of Unit Owners subject, however, to the limitations of Section 8 of this Article, if said Unit Owner shall have fully paid all then due assessments and charges as permitted by these By-Laws, levied against his Unit and himself at least five (5) days prior to the date fixed for a particular meeting. Provided further that in the event any interest, penalties, costs, fees and the like have been levied against said Unit Owner and his Unit, these interest, penalties, costs, fees and the like shall likewise be fully paid within the aforesaid time.

Section 10. ADJOURNMENT OF MEETINGS: If any meeting of Unit Owners cannot be held because a quorum has not attended, the meeting shall be adjourned to a time not less than 48 hours from the time the original meeting was called.

Section 11. WRITTEN CONSENT TO UNIT OWNERS-APPROVAL OR DISAPPROVAL: Any action that may be taken by a vote of the Unit Owner may be taken without a meeting (provided the laws of the State of New Jersey so provide) on written consent of the Unit Owners duly acknowledged setting forth the action so taken or to be taken by the Unit Owners holding an interest the majority of the total outstanding votes of all Unit Owners in accordance with Section 8 hereof, unless these By-Laws or the provisions of New Jersey law shall require a greater percentage of such votes with respect to a particular action.

ARTICLE X

Obligation to First Mortgage Holders

Section 1. Unless at least sixty seven (67%) percent of all holders of first mortgage liens on any and all units have given their prior written approval the Board of Directors shall not consent to or partake in any of the following:

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(a) The abandonment or termination of the Condominium except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

(b) Any material amendment to the Master Deed or to the By-Laws or Articles of Incorporation, including, but not limited to, any amendment which would change the percentage interests of the Unit Owners in the Condominium, the number of votes of a Unit Owner in the Association, and any amendment which pertains: to the reserves in the Association's budget; the expansion or contractions of the project or addition, annexation or withdrawal of property from the project; the boundaries of a Unit; the right to sell or lease a Unit; to any provisions relating to rights of mortgage holders, insurers or guarantors; or the purposes to which any Unit or the Common Elements are restricted.

(c) The effectuation of any decision by the Association to terminate professional management and assume self-management of the Condominium.

(d) The partitioning or subdividing of the Common Elements.

An institutional holder of a first mortgage who receives a written notice pursuant to the provisions of this Section 1 and does not deliver to the Association a negative response within thirty (30) days of receipt of said notice shall be deemed to have approved such request.

Section 2. The Board of Directors shall in writing, notify a holder of a first mortgage on any Unit of any default by the Owner (mortgagor) of such Unit in the performance of such Owner's (mortgagor's) obligations under the Master Deed or these By-Laws which is not cured within thirty days.

Section 3. The Association and Board of Directors further agrees that:

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(a) By virtue of the provisions of the Master Deed and these By-Laws and Articles of Incorporation of the Association any institutional holder of a first mortgage on a Unit in the Condominium is, upon request, entitled to: (i) inspect the books and records of the Condominium during normal business hours; and (ii) receive an annual audited financial statement of the Condominium within ninety (90) days following the end of any fiscal year of the Association; (iii) written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings; and (iv) notice of any default under the Master Deed or these By-Laws which gives rise to a cause of action against the owner of a Unit subject to the mortgage of such holder, where the default has not been cured within 30 days.

(b) In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the institutional holder of any first mortgage on a Unit is entitled to timely written notice of any such damage or destruction. No Unit Owner or other party shall have priority over such institutional holder with respect to the distribution to such Unit of any insurance proceeds.

(c) If any Unit or portion thereof, or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Unit is entitled to timely written notice of any such proceeding or proposed acquisition and no Unit Owner or other party shall have priority over such institutional holder with respect to the distribution to such Unit of the proceeds of any award or settlement.

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(d) If an institutional holder of a first mortgage lien on the Unit obtains title to a Unit as a result of foreclosure of the first mortgage, then such acquirer of title, his successors and assigns, is not liable for the share of Common Expenses and other assessments by the Association pertaining to such Unit or chargeable to the former Unit Owner which became due prior to acquisition of title as a result of the foreclosure. Such unpaid share of Common Expenses and other assessments shall be deemed to be Common Expenses collectible from all of the remaining Unit Owners including such acquirer, his successors and assigns.

(e) Any management agreement for the Condominium will be terminable by the Association for cause upon thirty (30) days' prior written notice thereof, and the term of any such agreement shall not exceed one year, renewable by agreement of the parties for successive one year periods.

ARTICLE XI

Records

Section 1. RECORDS AND AUDIT: The Board of Directors shall keep detailed records of its actions, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners and financial records and books of account of the Association, including a chronological listing of receipts and expenditures as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Expenses against such Units, the date when due, the amounts paid thereon and the balance remaining unpaid. An annual report of the receipts and expenditures of the Association audited by an independent certified public accountant shall be rendered by the Board of Directors to all Unit Owners and to all mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

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ARTICLE XII

Dissolution

Section 1. PROCEDURE: Upon a vote of at least 80% in number and in common interests of the Unit Owners to dissolve, the provisions of the then applicable laws of the State of New Jersey including the provisions of the New Jersey Condominium Act shall be followed, subject to the rights of any mortgagee or lienor with respect thereto.

Section 2. OWNERSHIP UPON DISSOLUTION: In the event of dissolution, the Property shall thereupon be owned by all of the Unit Owners as tenants in common, each having an undivided percentage interest therein equal to his proportionate share of the Common Elements owned prior to termination.

As to any deed of revocation withdrawing the entire property from condominium status, the deed shall be signed by all Unit Owners and the holders of all mortgages or other liens affecting all units, all as is provided in New Jersey Statutes Annotated, 46:8B-26 et seq.

ARTICLE XIII

Compliance with By-Laws and Master Deed

Section 1. PENALTIES: The within By-Laws, the rules, and regulations adopted pursuant hereto, all future amendments hereof and thereof, and the covenants and restrictions in the Master Deed shall be strictly complied with by each Unit Owner. Failure to comply with any of the same shall entitle the Association to bring suit to recover monies due or for damages and/or injunctive relief or both against the offending Unit Owner. If suit has been instituted by the Association and the Unit Owner has been found by the Court to have committed the violation complained of, the Unit Owner shall reimburse the Association for reasonable attorney's fees and such other costs as shall be established by the Court. Nothing herein shall be deemed to preclude any Unit Owner from bringing an action for relief against another Unit Owner or Unit Owners for a violation which affects such aggrieved Unit Owner's occupancy.

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ARTICLE XIV

Miscellaneous

Section 1. NOTICES: All notices herein shall be sent by registered or certified mail to the Association, care of the Secretary, at the office of the Association, or to such other address as the Board of Directors may hereafter designate from time to time in writing to all Unit Owners and to all first mortgagees of any Unit. All notices to any Unit Owner shall be sent by registered or certified mail to the address designated for his Unit, or to such other address as may have been designated by such Unit Owner from time to time in writing to the Association. All notices to mortgagees of Units shall be sent by registered or certified mail to their respective addresses as designated by them from time to time in writing to the Association. All notices shall be deemed to have been given when mailed except notices of change of address which shall be deemed to have been given when received.

Section 2. INVALIDITY: The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, or enforceability or effect of the balance of these By-Laws.

Section 3. CAPTIONS: The captions herein are inserted only as a matter of convenience or reference and in no way define, limit or describe the scope of the By-Laws or the intent of any provision thereof.

Section 4. GENDER: The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

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Section 5. WAIVER: No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XV

Amendments to By-Laws

Section 1. AMENDMENTS TO BY-LAWS: Except as hereinafter provided otherwise, these By-Laws may be modified or amended by the affirmative vote of at least 75% of all shares of Unit Owners (whether or not present) at a meeting of Unit Owners duly held for such purpose. Modifications and amendments shall be recorded with the Office of the Register of Essex County in order for the same to be valid and operative. Insofar as rights are conferred upon the Grantor by these By-Laws may not be amended or modified (as to those portions only) without the consent in writing of the Grantor, so long as the Grantor shall be the owner of one or more Units.

ARTICLE XVI

Conflicts

Section 1. CONFLICTS: In case any of these By-Laws conflict with the provisions of the Master Deed or the Condominium Act of the State of New Jersey the provisions of said Master Deed or the Condominium Act as the case may be, shall control.

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PARKING

Each unit has one assigned parking space for one vehicle. The

RULES AND REGULATIONS - Effective April 1, 1992

1. A late charge of $25.00 shall be imposed on any unit owner who pays their monthly assessment after the fifth day of the month due. If payment is not received on the thirtieth day, interest shall be charged on the assessment and any other charges outstanding. The rate of interest shall be 8% on the first $1500.00 and 18% on any amount above $1500.00.

   Any service charge imposed on the Association's bank account as a result of a Unit Owner's returned check shall be charged against that Owner.

2. The Board shall have the right to levy fines and institute proceedings against a Unit Owner for violations of the Association's rules and regulations.

3. All leases and sales contracts which become effective after April 1, 1992 shall be submitted to the Board of Directors for review prior to execution by the Unit Owner. Failure to submit for review will result in enforcement by the Board in the same manner as the Board is entitled to enforce collection of Common Expenses.