

BY LAWS OF SOCIETY HILL AT PISCATAWAY
CONDOMINIUM ASSOCIATION

1.00 Applicability, Member, Membership, and Definitions

1.01 Purpose. These By Laws shall be applicable to Society Hill at Piscataway Condominium Association, Inc., a nonprofit corporation of the State of New Jersey, hereinafter referred to as the "Association," to all of the members thereof, as hereinafter defined, to the community and recreational facilities owned or maintained by the Association and to Society Hill at Piscataway condominium which is now, or may hereinafter be created or expanded, hereinafter referred to as the "Condominium."

1.02 Members. All present and future owners, tenants, future tenants, their guests, licensees, agents, employees and any other person or persons that shall be permitted to use the facilities of the Association or of the Condominium, shall be subject to these By Laws and to the Rules and Regulations issued by the Association to govern the conduct of its members. Acquisition, rental or occupancy of any of the units in the Condominium shall be conclusively deemed to mean that the said owner, tenant or occupant has accepted and ratified these By Laws and the Rules and Regulations of the Association and will comply with them.

1.03 Definition of Terms. Unless it is plainly evident from the context that a different meaning is intended, as used throughout these By Laws, all definitions set forth in the Master Deed or N.J.S.A. 46:8B-3 are incorporated herein by reference.

(a) "Member" means the owner or co-owners of a dwelling unit in the Condominium, their heirs, executors and assigns;

(b) "Sponsor" means K. Hovnanian at Piscataway, Inc., its successors and assigns.

1.04 Rights of Members. Except as otherwise provided, membership in the Association shall be limited to the owners or co-owners of dwelling units in the Condominium, provided that whenever title to a unit is vested in two or more persons, such co-owners shall be entitled jointly to one vote for their particular unit.

In the event that a Member shall lease or permit another to occupy his Condominium unit, the tenant or occupant shall be permitted to enjoy the recreational and community facilities of the Association, but shall not vote in the affairs of the Association unless the Member shall permit the tenant or occupant to exercise the proxy vote of the Member. The use of community and recreational facilities of the Association shall be limited to occupants of dwelling units and their guests.

In the event that a Member shall mortgage his unit, the lien of the mortgage shall be deemed to attach to the Member's rights, privileges and obligations of the Association, including the right to vote in the affairs of the Association so that if the Member shall be in default of any of the terms of the mortgage and such default shall result in foreclosure thereof, the Member's membership in the Association shall automatically terminate and all of the rights, privileges and obligations of membership shall inure to the mortgagee and its heirs, executors and assigns.

Every lawful transfer of title to a Member's unit shall include membership in the Association and upon making such transfer, the previous owner's membership shall automatically terminate. Each Member, within 7 days after execution of a contract to sell the condominium unit, shall send written notice to the Association specifying the purchaser's name, address, and anticipated closing date.

Except as provided herein, membership in the Association may not be assigned or transferred and any attempted assignment or transfer thereof shall be void and of no effect.

1.05 Evidence of membership and ownership in the Association may be evidenced by a membership card issued to each Member of the Association.

2.00 Principal Office. The principal office of the Association shall be located initially at 10 Highway 35, Red Bank, New Jersey 07701 but thereafter, may be located at such other suitable and convenient place or places as shall be permitted by law and designated by the Trustees.

3.00 Meetings of Members: Voting

3.01 Place of Meetings. 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 as may be permitted by law and from time to time fixed by the Trustees and designated in the notices of such meetings.

3.02 Annual Meeting. The first annual meeting shall be held not more than 60 days after 75% of all units ultimately to be constructed have been conveyed to individual unit owners, and succeeding annual meetings shall be held on the anniversary date of the first annual meeting. If the election of Trustees shall not be held on the date designated herein for any annual meeting or at any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting the unit owners may elect the Trustees and transact other business with the same force and effect as at an annual meeting duly called and held. Each proxy validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting unless it is revoked or superceded by a later valid proxy. New proxies may be received for any such subsequent meeting.

3.03 Notice of Annual Meetings. The Secretary shall mail notices of annual meetings to each Member of the Association, directed to his last known post office address as shown on the records of the Association, by regular mail, postage prepaid. Such notice shall be mailed not less than 10 days nor more than 20 days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notices as herein provided, such notice may be delivered by hand to the Members or left at their residence in their absence.

3.04 Special Meetings. The President may call a special meeting of the Members of the Association and it shall be the duty of the President to call a special meeting of the Members of the Association whenever he is directed to do so by resolution of a majority of the Trustees or upon presentation to the Secretary of a petition signed by 33 1/3 percent of the Members entitled to vote at such meeting.

3.05 Notice of Special Meetings. The Secretary shall mail notice of such special meeting to each Member of the Association in the manner provided in Section 3.03 of this Article, except that notices of such special meetings shall be mailed not less than 5, nor more than 10 days before the date fixed for such meetings. In lieu of mail notice as herein provided, such notice may be delivered by hand to the Members or left at their residence in their absence. No other business shall be transacted at any special meeting except that which is stated in the notice thereof unless by consent of two thirds of the Members present, either in person or by proxy.

3.06 List of Members. The Secretary shall compile and keep up to date at the principal office of the Association, a complete list of the Members and their last known post office addresses. Such list shall also show opposite each Member's name the number of dwelling units owned by him and the parking space(s) assigned to said unit(s). This list shall be open to inspection by all Members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute

book of the Association, containing the minutes of all annual and special meetings of the Association and all resolution of the Trustees.

3.07 Voting. Each Condominium unit shall have one vote in the Association. If a Member owns more than one unit, he shall be entitled to one vote for each unit owned. The vote of a Condominium unit shall not be divisible.

3.08 Good Standing. A Member shall be deemed to be in "good standing" and "entitled to vote" at any annual or special meeting of the Association if, and only if, he has fully paid all assessments or fines made or levied against him and his unit by the Trustees as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his unit, at least three calendar days prior to the date fixed for such annual or special meeting.

3.09 Quorum. Except as otherwise provided in the By Laws, the presence in person or by proxy of Members representing a majority of the total number of votes in the Association shall constitute a quorum at any annual or special meeting of Members. If any meeting of Members cannot be organized because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than 18 hours from the time the original meeting was called. In the event of any such adjourned meeting, no further notice of the adjourned date need be given to any of the Members.

3.10 Proxies. Votes may be cast either in person or by proxy. Proxies must be in writing and filed with the Secretary at least two calendar days before the time designated for each meeting in the notice thereof.

3.11 Capital Expenditures. All decisions of the Members involving capital expenditures shall require for passage the affirmative vote of at least 75 percent of the Members in good standing and entitled to vote and who vote in person or by proxy. All other decisions shall require for passage the affirmative vote of at least a majority of the Members in good standing and entitled to vote and who vote in person or by proxy. The Trustees shall be governed in the making of capital expenditures by decisions made by the Members as provided in this section. As long as the Sponsor maintains a majority of the Board of Trustees, Sponsor shall make no additions, alterations, improvements or purchases which necessitate a special assessment or a substantial increase in the monthly assessment unless so required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency.

3.12 Order of Business. The order or business at all annual meetings of the Members of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Appointment of inspectors of election;
- (g) Election of Trustees;
- (h) Unfinished business;
- (i) New business;
- (j) Election of Officers.

4.00 Obligations of Members

4.01 Unit Maintenance. Each Member shall perform promptly and at his own risk, cost and expense all maintenance and repair work with respect to the portion of each unit owned by that Member which does not comprise a part of the common elements and those common elements

which are designated as limited common elements other than any assigned parking space and which, if omitted, would adversely affect or jeopardize the safety of the Condominium or any part or parts thereof belonging in whole or in part to other Members and 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 perform any such maintenance and repair work. Additionally, each Member shall be responsible for snow removal on the sidewalk leading from his unit to the parking facilities.

4.02 Negligence. Each Member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the common elements damaged solely by his negligence or by the negligence of the Member's tenants, Associations's statement therefor.

4.03 Common Expense. Each Member is bound to contribute, as set forth in Section 13.00 herein, toward the expenses of administration and of maintenance and repair of the common elements of the Condominium which is administered by this Association; to the expenses of administering and maintaining the Association and all of its real and personal property in such amounts as shall from time to time be fixed by the Trustees; and to any other expenses that may be lawfully agreed upon. No Member may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the common elements or the community or recreational facilities of the Association or by abandonment of the unit owned by the Member.

4.04 Time of Payment. Payment by the Members of his share of the aforesaid expenses shall be made in the amount from time to time fixed by the Trustees, to the Treasurer of the Association at the principal office of the Association or such other place as shall be designated by the Trustees.

4.05 Lien. All such charges and expenses chargeable to a Member and the Members dwelling unit shall constitute a lien against the said unit in favor of the Association for the use and benefit of the Members of the Association prior to all other liens except (1) assessments, liens and charges for taxes past due and unpaid on the unit, and (2) payments due under mortgage instruments of encumbrance, if any, duly recorded. The said lien may be recorded in accordance with the provisions of N.J.S.A. 46:8B-21 and be foreclosed in the manner provided for the foreclosure and sale of real estate mortgages and in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action including court costs and reasonable attorney's fees. The right of the Association to foreclose the lien aforesaid shall be in addition to any other remedy which may be available to it at law for the collection of the charges and expenses including the right to proceed personally against any delinquent Member for the recovery of a personal judgment against the Member for the amount due, court costs and reasonable attorney's fees.

4.06 Acceleration. In the event a Member shall fail to pay any assessment levied against him and the Condominium unit owned by him for the maintenance of the common elements of the Condominium for the expenses of administering, maintaining and operating the community and recreational facilities of the Association, any fine levied against him, or any other expense lawfully agreed upon, then the total amount of any annual assessments chargeable to such unit owner remaining unpaid, regardless of whether the installments for the balance of the year are not yet due, shall immediately be declared due and payable in full, and within ten (10) days after the same shall become due and payable, the Association shall be entitled to record and/or foreclose the lien referred to in the preceding Section.

4.07 Priority of Assessment. Upon the sale, conveyance or other lawful transfer of title to a unit, all unpaid assessments against a Member for his pro-rata share of the expenses of administration, maintenance and repair of the common elements and the community and recreational facilities of the Association and all fines levied against a Member and other expenses

agreed upon, shall first be paid out of the sales price or by the acquirer in preference over any other assessments or charges of whatever nature except the following:

- (a) Assessments, liens and charges for taxes past due and unpaid on the dwelling unit;
- and,
- (b) Payments due under mortgage instruments of encumbrance, if any, duly recorded.

4.08 Liability of Acquirer of Unit. The acquirer of a Condominium unit shall be jointly and severally liable with the seller for the amounts due and owing by the latter to the Association up to the time of the conveyance or transfer, without prejudice to the acquirer's right to recover from the seller the amount paid by the acquirer as such joint debtor. The Association shall provide for the issuance, and issue to every acquirer, upon his request, a statement of such amounts due by the seller and the acquirer's liability under this Section shall be limited to the amount as set forth in said statement.

4.09 Use of Units. All units shall be utilized for residential purposes only. A Member shall not make structural modifications without the written consent of the Trustees. Unit owners shall not cause or permit anything to be hung or displayed or placed on the outside walls, doors or windows of any building without the written consent of the Board of Trustees of the Condominium Association. A Member shall not store anything including but not limited to bicycles, wood, grills or garbage cans on the Limited Common or Common Elements including but not limited to porches, patios and sidewalks without the prior written consent of the Board of Trustees of the Condominium Association. No signs shall be permitted on the exterior or interior of any unit. No owner shall be permitted to install or have installed any window air conditioner, window fan, heat pump, device in any window, door or other exterior opening of a dwelling unit.

Nothing shall be done or kept in any unit or common elements which shall increase the rate of insurance of any other buildings or contents thereof applicable for residential use without the prior written consent of the Board of Trustees of the Condominium Association. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on any of the buildings or contents thereof, or which would be in violation of any law. No waste will be committed in any of the common elements. No recreational vehicles (campers, house-trailers, motor homes, etc.) or commercial vehicles will be allowed to park overnight without prior written approval by the Board of Trustees, or the designated representative of the Board for this purpose. When such permission is granted, the vehicles must be parked in the predesignated area and cannot be used as living quarter. "Commercial vehicles" shall refer to pick-up trucks, vans, trucks, tractors, trailers, wagons, vans or oversized vehicles having commercial license plates or any vehicle, motorized, non-motorized, used for commercial purposes.

4.10 Access to Units. The Association shall have the irrevocable right to be exercised by the Trustees or Manager of the Association, or any duly authorized agent, to have access to each dwelling unit from time to time during reasonable hours, and upon reasonable notice except in case of emergency, as may be needed for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the common elements or to another dwelling unit or units.

4.11 Compliance with Rules. Each Member shall comply strictly with these By Laws and with the Administrative Rules and Regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time and with the covenants, conditions and restrictions set forth in the Master Deed, and in the deed to his unit. Failure to comply with any of the same shall be grounds for a civil action to recover sums due, for damages or injunctive relief, for levying a fine for violation of the Rules and Regulations, plus court costs and reasonable attorney's fees; maintainable by the Association on behalf of the Members, or in a proper case, by an aggrieved Member. The Board of Trustees, pursuant to the ByLaws, shall adopt Rules and Regulations which shall be in addition to and supplement to restrictions on the owner's use of the Common

Elements and as long as such Rules and Regulations are consistent with the intent and purposes set forth herein, such Rules and Regulations shall be deemed not to be Amendments.

4.12 Suspension of Rights. The membership and voting rights of any Member and/or tenant may be suspended by the Board for any period during which any assessment against the Unit to which his membership is appurtenant remains unpaid; but upon payment of such assessments, and any interest accrued thereon, whether by check or cash, his rights and privileges shall be immediately and automatically restored. Further, if Rules and Regulations governing the use of the Common Elements and the conduct of persons thereon have been adopted and published, and authorized in the By Laws, the rights and privileges of any person in violation thereof may be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single non-continuous violation. If the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Unit Owner and/or tenant is afforded an opportunity for a hearing which is consistent with the principles of due process of law.

4.13 Contribution to Capital. The Board may impose upon each Unit Owner, upon acquisition of title to his Unit, to be collected by Sponsor or the Association if a sale of a unit from a person other than Sponsor, a nonrefundable contribution to the capital of the Association in an amount to be determined by the Board, but not to exceed \$250.00. If imposed, payment of such fee shall be a condition precedent to membership in the Association. Any unpaid membership fee shall be deemed a lien on the Unit in the same manner as any unpaid Common Expenses attributable to such Unit.

5.00 Board of Trustees

5.01 Number and Qualifications. The affairs of the Association shall be governed by a Board of Trustees consisting of seven (7) persons, each of whom shall be either a Member of the Association or an officer, director, employee or designee of the Sponsor. So long as the Sponsor maintains a majority of the Board of Trustees it shall make no additions, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless so required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. While the developer maintains a majority of representation on the executive board, he shall post a fidelity bond or other guarantee acceptable to the Agency, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves. While the developer maintains a majority of the executive board, he shall have an annual audit of association funds prepared by an independent accountant, a copy of which shall be delivered to each unit owner within 90 days of the expiration of the fiscal year of the association. The audit shall cover the operating budget and reserve accounts. Nothing contained herein to the contrary shall serve to exculpate Members of the Board of Trustees appointed by the Sponsor from their fiduciary responsibilities.

5.02 Election. The Board of Trustees of Society Hill at Piscataway Association shall be elected as follows:

(a) Sixty days after conveyance of 25 percent (25%) of the lots, parcels, units or interest, ultimately to be constructed, not less than 25 percent (25%) of the Members of the Board of Trustees shall be elected by the owners;

(b) Sixty (60) days after conveyance of 50 percent (50%) of the lots, parcels, units or interests, ultimately to be constructed, not less than 40 percent (40%) of the Members of the Board of Trustees shall be elected by the owners;

(c) Sixty days after conveyance of 75 percent (75%) of the lots, parcels, units or interests, ultimately to be constructed, the Sponsor's control of the Board of Trustees shall terminate, at which time, the owners shall elect the entire Board of Trustees;

(d) The terms of Trustees elected pursuant to this paragraph shall terminate on the first annual meeting of the Members when all Trustees are unit owners (See Section 5.03);

(e) Notwithstanding a, b, and c above, the Sponsor may retain one Member of the Board of Trustees so long as there are any units remaining unsold in the regular course of business;

(f) Sponsor may surrender control of the Board of Trustees of the Association prior to the time as specified, provided the owners agree by a majority vote to assume control. However, in no event shall the Sponsor retain control of the Board of Trustees later than December 1, 1992;

(g) The Association, when controlled by the owners, shall not take any action that would be detrimental to the sale or sales of a unit or units by the Sponsor and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of control until the last unit is sold.

5.03 Term. At the first annual meeting of the Members of the Association, subsequent to all Members of the Board of Trustees being unit owners, two Trustees shall be elected to serve for a term of three (3) years, two shall be elected to serve for a term of two (2) years and the remaining three (3) Trustees shall be elected to serve for a term of one (1) year. At the expiration of the initial term of each Trustee, his successor shall be elected to serve for a term of three (3) years, provided that each Trustee shall continue to hold office until his successor is elected. Trustees shall serve without compensation.

5.04 Vacancies. If the office of any Trustee shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Trustees, at a special meeting duly called for such purposes, shall choose a successor, who shall hold office until the next annual meeting of the Members and his reelection or the election of his successor at such meeting. The person so elected shall serve for the unexpired term in respect to which such vacancy occurred. When a Member of the Board of Trustees, who has been elected by unit owners is removed or resigns that vacancy shall be filled by a unit owner.

5.05 Removal of Trustees. Trustees may be removed with or without cause, by the affirmative vote of two-thirds of the Members at any annual or special meeting of Members duly called for such purpose.

5.06 First Organizational Meeting. The first or organizational meeting of each newly elected Board of Trustees shall be held immediately upon adjournment of the meeting of Members at which they were elected and at the same place where the meeting of Members was held provided a quorum is present. If a quorum of the Board is not then present, such first or organizational meeting shall be held as soon thereafter as may be practicable providing notice is given to each trustee as set forth in Section 7 of this Article or unless waived as provided in Section 9 of this Article.

5.07 Regular Meetings. Regular meetings of the Board of Trustees may be held at such time and place permitted by law as from time to time may be determined by the Trustees, but at least four such meetings shall be held in each fiscal year. Notice of regular meetings of the Board shall be given to each Trustee personally, by telegram or by United States Mail, with postage prepaid, directed to him at his last known post office address as the same appears on the records of the Association, at least five days before the date appointed for such meeting. Such notice shall state the date, time and place of such meeting and the purpose thereof.

5.08 Special Meetings. Special meetings of the Board of Trustees may be called by the President of the Association on three days written notice to each Trustee, given in the same manner as provided in Section 7 of this Article. Special meetings of the Board shall be called by the President or the Secretary in like manner upon the written request of any two Trustees.

5.09 Notices and Waivers of Notice. Before any meeting of the Board of Trustees, whether regular or special, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall likewise constitute a waiver by him of such notice. If all Trustees are present at any meeting of the Board, no notice of such meeting shall be required and any business may be transacted at such meeting except as otherwise prohibited by law or these By Laws.

5.10 Quorum. At all duly convened meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business except as otherwise expressly provided in these By Laws or by law and the acts of the majority present, shall be the acts of the Board of Trustees. If at any meeting of the Board of Trustees there shall be less than a quorum present, the Trustee or Trustees present may adjourn the meeting from time to time, and at any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to any Trustee.

5.11 Powers and Duties. The Board of Trustees shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of a residential condominium project and may do or cause to be done all such other lawful acts and things as are required by law, by these By Laws or otherwise directed or required to be done or exercised by Members of the Association or owners of units, or by others. In the performance of its duties as the administering body of the Association and of the Condominium being administered by said Association, the Board of Trustees shall have powers and duties, including, but not limited to, the following:

A. General Duties. The operation, maintenance, renewal, replacement, insurance, care, upkeep, protection and surveillance of the buildings in the condominium, the common elements (except as specifically provided for otherwise), the community, and recreational facilities and all other property, real or personal, of the Association. The responsibility for the operation, maintenance, renewal, replacement, insurance, care, upkeep, protection and surveillance of the buildings in the condominium, the common elements (except as specifically provided for otherwise) shall become the responsibility of the Association immediately upon conveyance of title to the first unit in any building to an individual purchaser by the Sponsor. From and after the conveyance of title to the first unit in any building, the sole obligation and responsibility of the Sponsor under the Bylaws with regard to the operation, maintenance, renewal, replacement, insurance, care, upkeep, protection and surveillance of each such building shall be to pay to the Association the applicable assessments as specified in Article 9.00 of the Master Deed. Sponsor shall not, however, be obligated to pay any maintenance fees or assessments for common expenses other than replacement Reserves funds for so long as Sponsor is providing any subsidy or guarantee to unit owners of maintenance fees or assessments for common expenses. The Board of Trustees, pursuant to the By-Laws, shall adopt Rules and Regulations which shall be in addition to and supplement to restrictions on the owner's use of the Common Elements and as long as such Rules and Regulations are consistent with the intent and purposes set forth herein, such Rules and Regulations shall be deemed not to be Amendments.

B. Budget. The preparation prior to the beginning of each fiscal year of a budget or estimate for the annual expenses of the operation of the Association, the expenses of the operation of the community and recreational facilities, and reasonable reserves for depreciation, retirements and renewals. The total amount of such budget or estimate shall be assessed against all of the dwelling units and the respective owners thereof, as set forth in Section 13.00 herein. The amount thus found applicable to each dwelling unit shall be payable by the owner thereof to

the Association in equal installments, in advance, said billing dates to be determined by the Trustees. The Trustees shall review each year the adequacy of the amount being assessed for the capital reserve replacement costs. In addition, the Trustees shall include in each annual budget an amount sufficient to reimburse each Trustee for the tuition for two educational seminars sponsored by the Community Associations Institute or similar organizations. Each Trustee may be reimbursed for all or portion of expenses including but not limited to tuition, textbooks, transportation, gas, lodging and meals incurred by the Trustee in connection with attending such educational seminars provided that such reimbursement is approved by a majority of the Trustees.

C. Assessments. By majority vote of the Board, to adjust or increase the amount of any annual assessment and equal installments, and to levy and collect in addition thereto, special assessments in such amounts as the Board may deem proper, whenever the Board is of the opinion that it is necessary to do so in order to meet increased operating or maintenance costs, or additional capital expenses, or because of emergencies; provided, however, that all such increases or special assessments shall be made or levied against such owners and the units owned by them respectively, in the same manner as provided in Section 13.00.

D. Use of Funds. To use and expend any sums collected from such assessments or levies for the operation, maintenance, renewal, care, upkeep, surveillance and protection of the common elements, (except as specifically provided for otherwise), community and recreational facilities of the Association and all of its real and personal property. This includes the use of any surplus funds which might remain at the end of any fiscal year. Any such surplus shall be applied toward the immediate subsequent year's costs and shall be included in the budget for that year.

E. Fidelity Bonds. To require all officers and employees of the Association handling or responsible for funds in the Association's possession or under its control to furnish adequate fidelity bonds, in a form which includes penalties and corporate surety satisfactory to the Board of Trustees. The premiums on such bonds shall be paid by the Association as part of the common expenses.

P. Taxes. To pay all taxes and assessments levied or assessed against any property which has been made a part of the Condominium, exclusive of any taxes or assessments levied against any individual dwelling unit or otherwise properly chargeable to the owners thereof.

G. Personnel. To hire, employ and dismiss such clerks, stenographers, workmen, janitors, gardeners and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Trustees may from time to time be necessary for the proper operation and maintenance of the Condominium, and the community and recreational facilities of the Association, except the portions thereof required to be maintained by owners of dwelling units. The Board of Trustees may also employ a manager or contract with a management company for the Association at such compensation or in such terms as may be established by the Board, to perform such duties and services as the Board may lawfully delegate.

H. Access to Units. To enter or cause to be entered any dwelling unit with Notice at a reasonable hour when deemed necessary for or in connection with the operation, maintenance, repair or renewal of any common elements, or to prevent damage to the common elements or any dwelling unit, 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 dwelling units. Each owner shall be deemed to have expressly granted such rights of entry by accepting and recording the deed to his Condominium Unit.

I. Delinquencies. To collect delinquent penalties, fines, levies or assessments made by the Association through the Board of Trustees against any dwelling units and the respective owners thereof, together with such costs and expenses incurred in connection therewith,

including, but not limited to, court costs and attorney's fees, whether by suit or otherwise, to abate nuisances and enforce observance of the Rules and Regulations relating to the Condominiums, by injunction or such other legal actions or means as the Board of Trustees may deem necessary or appropriate.

J. Professionals. To employ or retain legal counsel, engineers and accountants, and to fix their compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association, including, but not limited to, those hereinbefore or hereinafter referred to in these By Laws.

K. Contracts. To enter into any contracts or agreements for the operation of the Corporation or the Condominium being administered by the Association including contracts for professional management, with private parties or any governmental agency or pursuant to applicable zoning ordinances of the Township.

L. Outside Management. To hire an outside agent and/or management firm to perform those services required by these By Laws.

M. Bank Accounts. To cause such operating accounts, and escrow and other accounts, if any, to be established and opened as the Board of Trustees may deem appropriate from time to time and as may be consistent with good accounting practices.

N. Fiscal Reports. To cause a complete audit of the books and accounts of the Association to be made by an independent Certified Public Accountant at the end of each fiscal year, and at such other time or times as may be deemed necessary. The Board of Trustees shall also prepare, at the end of each fiscal year, a report of the business and affairs of the Association, showing its transactions and reflecting fully and accurately its financial conditions, which will be made available to Members during working hours upon reasonable notice. The Association, at least quarterly shall supply the Sponsor with unaudited financial status at no cost to the Sponsor until one year after the last unit closing, and thereafter annually supply to the Sponsor with a copy of the Associations annual report at no cost to Sponsor.

O. Detailed Books. To keep detailed books of accounts of the receipts and expenditures affecting the condominium and its administration and specifying the maintenance and repair expenses of the common elements and all other expenses incurred.

P. Fines. To make and enforce compliance, by the levying of fines or otherwise, with such Rules and Regulations relative to the operation, use and occupancy of the dwelling units, common elements and Association facilities, and to amend the same from time to time as the Board shall deem necessary or appropriate, which Rules and Regulations when approved by appropriate resolutions shall be binding on the owner and occupants of dwelling units, their successors in title and assigns. A copy of such Rules and Regulations and copies of any amendments thereof shall be delivered or mailed to each owner of a dwelling unit promptly upon the adoption thereof or posted in a conspicuous place in the Community Building.

Q. Insurance. To obtain and maintain, to the extent obtainable, in accordance with sound industry practice, the following insurance; (1) fire insurance with broad form fire and extended coverage, vandalism and malicious mischief endorsements, insuring all the buildings containing the units and common elements therein (including in all of the units, the fixtures, appliances and carpeting initially installed therein by the Sponsor, but not including the painted or decorated surfaces of interior walls, furniture, furnishings, personal property, contents or personal liability of individual unit owners) together with all central utility and other service machines contained therein, and all buildings, fixtures, equipment and personal property owned by the Association, in the amount determined by the Board. All such policies shall provide that in the event of loss or damage, the proceeds of said policy or policies shall be payable to the board of Trustees or to its designee as an insurance trustee on behalf of all of the owners, co-owners and mortgagees of

units in said buildings. Said insurance trustee shall be obligated to apply said proceeds as set forth in Section 6.00 of these By Laws. Each of said policies shall contain a standard mortgage clause in favor of each mortgagee of a unit and shall provide that loss, if any thereunder, shall be payable to such mortgagee as its respective interest may appear, subject however, to the right of the Board or its designee as insurance trustee, to receive said proceeds to be applied to repair or reconstruction as provided herein; (2) workmen's compensation; and (3) public liability insurance insuring the Association and its Members against liability for any negligent act of commission or omission attributable to the Association or any of its Members and which occurs on or in any of the common elements of the Condominium or the community or recreational facilities of the Association; (4) burglary, theft and such other insurance as will protect the interest of the Association and its employees; (5) liability insurance indemnifying the Trustees and Officers of the Association against the liability of errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000.00 with any deductible amount determined in the sole discretion of the Board of Trustees. All insurance premiums shall be paid by the Association as common expenses. Unless 75 percent of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than the developer) of the individual condominium units have given their prior written approval, the Board of Trustees shall not be entitled to (a) fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than 100 percent (100%) of the insurable value (based on current replacement cost) and (b) use hazard insurance proceeds for losses to any common property for other than the repair, replacement or reconstruction of such common property.

R. Waiver of Subrogation and Cancellation. All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by unit owners or of invalidity arising from any acts of the insured or any unit owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of units.

S. Unit Owner's Insurance. Unit owners may obtain insurance on their own account and for their own benefit. No owner shall, however, insure any part of the common elements whereby, in the event of loss thereto, the right of the Association to recover the insurance proceeds for such loss in full, shall be diminished in any way.

T. Committees. The Board of Trustees of the Association may appoint committees as deemed appropriate in carrying out its purposes, including but not limited to:

1. A Recreation Committee, which shall advise the Board of Trustees on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, may determine.

2. A Maintenance Committee, which shall advise the Board of Trustees on all matters pertaining to the maintenance, repair or improvement of the Common Area and properties, as appropriate, and shall perform such other functions as the Board, in its discretion, may determine. The Association shall maintain the buffer areas of the condominium and shall replace landscaping in the buffer when such replacement is necessary with similar species of plants or species which provide similar screening characteristics.

3. An Audit Committee, which shall supervise the annual audit of the Association's books and approve the annual budget and statement, certified by an independent public accountant, of income and expenditures to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex-officio Member of the Committee.

4. An Architectural Control Committee, which shall consider requests by Members for modifications to any common elements, and shall establish guidelines and procedures for review of such requests consistent with the Master Deed and these By Laws.

5. A Covenants Committee, consisting of five Members appointed by the Board, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner:

- (1) providing for visual harmony and soundness of repair;
- (2) avoiding activities deleterious to the esthetic or property values of the Condominium;
- (3) furthering the comfort of the Unit owners, their guests, invitees and lessees; and
- (4) promoting the general welfare and safety of the Condominium community.

The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements in accordance with standards and guidelines contained in the Master Deed or By Laws or otherwise adopted by the Board. The Covenants Committee shall have the power to issue a cease and desist request to a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Master Deed, By Laws, the Rules and Regulations or resolutions of the Board (upon petition of any Unit owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Master Deed, Articles of Incorporation and By Laws, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Trustees by any Party deemed by the Board to have standing as an aggrieved party and a vote of a majority of the full authorized membership of the Board may modify or reverse any such action, ruling or decision. The Covenants Committee shall preserve the entry lanes into the parking areas as "No Parking" areas and "Fire Lanes" and shall erect signs in such areas to that effect.

The Covenants Committee shall have such additional duties, power and authority as the Board may from time to time provide by resolution including the right to impose fines pursuant to Section P hereof and Section 4.11. The Board may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case by case basis by vote of a majority of its full authorized membership thereof. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board. Notwithstanding the foregoing, no action may be taken by the Covenants Committee without giving the Unit Owner(s) involved at least (10) days prior written notice and affording him the opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

U. Acceleration of Assessment Installment Upon Default. If a Unit Owner shall be in default in the payment of an installment upon a Common Expense assessment, the Board may accelerate the remaining installments of the assessment and file a lien for such accelerated amount upon notice to the Unit Owner, and if the delinquent installment is not paid by the date set forth in the notice, the then unpaid balance of the Common Expense assessment shall come due upon such date, but not less than five (5) days after delivery of the notice to the Unit Owner, or not less than ten (10) days after the mailing of such notice has been given and whichever shall first occur. If no such notice has been given and default continues, the Board shall, between thirty and ninety days after the default first occurs, accelerate the remaining installments of the assessment, upon similar notice to the Unit owner, and file a lien for such accelerated assessment as permitted by law if the delinquent installment is not paid by the date set forth in this notice. In the event that such notice is filed, the Board may notify any Institutional Lender holding a mortgage which encumbers the Unit affected by such default or publish appropriate notice of such delinquency to the membership of the Association. If said default continues for a

period of 120 days, then the Board shall foreclose the foregoing lien pursuant to law or commence a suit against the appropriate parties to collect said assessment.

V. Interest, Late Fees and Counsel Fees. The Board at its option shall have the right in connection with the collection of any Common Expense assessment, or other charge, to impose a late charge of any reasonable amount and/or interest at the legal maximum rate permitted by law for the payment of delinquent real estate taxes, if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said assessments or charges by resort to counsel or the filing of a lien, the Board may add to the aforesaid assessments or charges a sum or sums of twenty (20%) percent of the gross amount due as counsel fees, plus reasonable costs for preparation, filing and discharge of the lien, in addition to such other costs as may be allowable by law.

In the case of any action or proceeding brought or defended by the Association or the Board pursuant to the provisions of these By Laws, the reasonable costs and expenses of preparation and litigation, including attorneys fees, shall be a Common Expense allocated to all Unit Owners.

Money judgments recovered by the Association in any action or proceeding brought hereunder, including costs, penalties or damages shall be deemed a special fund to be applied to (1) the payment of unpaid litigation expenses; (2) refunding to the Unit Owners the cost and expenses of litigation advanced by them; (3) Common Charges, if the recovery thereof was the purpose of the litigation; (4) repair or reconstruction of the Common Elements if recovery of damages to same was the motivation for litigation; and (5) any amount not applied to (1), (2), (3) and (4) above shall at the discretion of the Board be treated either as (i) common surplus which shall be allocated and distributed pursuant to the provisions of paragraph 6 of the Master Deed or as (ii) a setoff against Common Charges generally. Notwithstanding the foregoing, if a Unit Owner(s), the Board or any other person or legal entity affected by any such distribution, shall assert that the damages sustained or the diminution in value suffered by a Unit Owner(s) was disproportionate to his or their percentage of common interest, in which event, at the election of either the Association or the unit owner, the matter shall be submitted to binding arbitration to be decided in accordance with the procedures set forth by the American Arbitration Association.

All Common Charges received and to be received by the Board, for the purpose of paying any judgment obtained against the Association or the Board and the right to receive such funds, shall constitute trust funds which shall be expended first for such purposes before expending any part of the same for any other purpose.

In the event that a Unit Owner(s) succeeds in obtaining a judgment or order against the Association or the Board, then in addition to any other sums to which said Owner(s) would otherwise be entitled by such judgment or order, he or they shall also be entitled to the restitution or recovery of any sums paid to the Board as Common Charges for the litigation expenses in relation to said action or proceeding.

W. Power of Attorney to Institutional Lender. In the event the Board shall not cause the enforcement procedures provided above to be implemented within the time provided, any Institutional Lender for any Unit as to which there shall be such unpaid Common Expense assessments is hereby irrevocably granted a power of attorney to commence such actions and to invoke such other remedies, all in the name of the Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

X. Parking Spaces. To assign and designate certain parking spaces for the use of individual units and to reassign and redesignate such parking spaces as the Board deems necessary in its sole discretion. To adopt rules and regulations governing the use of all parking spaces, including the type, size and classification of vehicles permitted to use any space as well

as the total number of vehicles which may be parked on the common elements on a permanent basis per unit.

6.00 Damage to Buildings, Reconstruction, Sale: Obsolescence.

6.01 Damage. In the event of fire or other disaster or casualty resulting in damage to the buildings and/or common elements of the Condominium amounting to less than two-thirds of the value of the Condominium, the net proceeds of any insurance collected shall be made available for the purposes of repair, restoration, reconstruction or replacement. Where the insurance indemnity is insufficient to cover the cost of repair, reconstruction, restoration or replacement, the new buildings' costs shall be paid by all of the owners directly affected by the damage, in proportion to the fair market value of their respective dwelling units. If any owner shall refuse to make such payments, the Board of Trustees shall levy an assessment in an amount proportionate to the fair market value of the dwelling units affected by the damage, the proceeds of such assessment being paid, with the insurance indemnity, to the Association for the purpose of covering the costs of repair and replacement. In the event any owner or owners shall fail to respond to the assessment by payment thereof within a reasonable time, the Association shall have authority to cause such repair, restoration or replacement or reconstruction to be accomplished and to charge the cost thereof, less any applicable insurance credits, to the owners of the units affected in the proportions mentioned. Such costs less any insurance credits, shall constitute a lien against the dwelling unit of such owner and may be enforced and collected in the same manner as all other liens as hereinbefore provided. The provisions of this Section may be changed by unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster or casualty occurred.

6.02 Total Destruction. In the event of a total destruction of the entire Condominium, or if the common elements are damaged or destroyed to more than two-thirds of the value of Condominium, the unit owners directly affected, may elect to reconstruct or replace the said buildings and common elements. In the event of an election to reconstruct or replace, payment of the costs thereof shall be made as provided in the preceding Section of this Article.

If the unit owners elect not to reconstruct or replace, the unit owners of the said condominium, with the consent of all of the mortgagees holding first mortgages on the dwelling units, and the consent of the Township of East Brunswick, may sell for cash and upon terms, the entire Condominium, provided 75 percent (75%) or more of the owners are in accord and so vote at a special or regular meeting of the said unit owners. In the event the election is made to sell, the covenants against partition contained in the Declaration of Restrictive and Protective Covenants, shall become null and void and said owner or owners shall be entitled to convey their interest in the Condominium and may invoke relief in a Court of Chancery to compel such a sale and partition against those owners who shall have refused to approve such a sale and partition.

All sums received from insurance shall be combined with the proceeds of sale of the Condominium. After providing for all attorney's fees in the event of any litigation necessary to compel any owner or owners to join in a conveyance of their interests in the Condominium, distribution of the combined funds shall be made to the owner or owners of the dwelling units in the said Condominium, in proportion to the fair market value of their respective dwelling units, subject only to the rights of outstanding mortgage holders.

Except as provided in this section, the common elements, both general and limited, shall remain undivided and shall not be the subject of an action for partition or division of the co-ownership.

6.03 Obsolescence. In the event the Board of Trustees shall determine that the existing buildings in the Condominium are obsolete, the board, at any regular or special meeting of the unit owners, may call for a vote by the said unit owners to determine whether or not the entire Condominium should be placed on the market and sold. In the event 90 percent (90%) of the unit

owners determine that the property should be sold, the applicable provisions of the preceding Section pertaining to sale of the property shall become effective.

In the event that the Board of Trustees shall determine that any of the community and recreational facilities and any other real or personal property of the Association are obsolete, the Board, at any regular or special meeting of the Members, may call for a vote by the Members to determine whether or not the said property should be demolished and replaced. In the event ninety (90) percent of the Members shall determine that the said property should be demolished and replaced, the costs thereof shall be assessed against all of the Members of the Association in accordance with Article 13 hereof.

7.00 Officers

7.01 Designation. The officers of the Association shall be President, Vice President, Secretary and Treasurer. The Secretary may be eligible to also hold the office of Treasurer. The President shall also be a Member of the Board of Trustees. The Board of Trustees may also appoint Assistant Secretaries and Assistant Treasurers as it may deem necessary.

7.02 Election of Officers. 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, provided that each officer shall hold office at the pleasure of the Board of Trustees and may be removed either with or without cause and his successor elected at any annual or special meeting of the Board called for such purpose, upon the affirmative vote of a majority of the Members of the Board.

7.03 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board of Trustees. He shall have the general power 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 appropriate to assist in the conduct of the affairs of the Association. He shall execute such deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed and except when the signing and executing thereof shall be delegated by the Board of Trustees to another officer or agent of the Association.

7.04 Vice-President. The Vice President shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Trustees.

7.05 Secretary. The Secretary shall attend all meetings of the Board of Trustees and all meetings of the Members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose and shall perform like duties for any committees when required. He shall have charge of the minute books and such records and papers as the Board shall direct and perform all duties incident to the office of Secretary, including the sending of notices of meetings to the Members, the Board of Trustees and committees and such other duties as may be prescribed by the By Laws or by the Board of Trustees or the President. He shall also have custody of the corporate seal and when authorized by the Board, affix the same to any instrument requiring it and attest the same when appropriate.

7.06 Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies, checks and other valuable effects in the name and to the 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 from time to time be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Trustees, at the regular meetings of the Board or whenever they or

either of them shall require, and account of his transactions as Treasurer and of the financial conditions of the Association.

7.07 Compensation of Officers. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursements for all expenses reasonably incurred in the discharge of their duties.

8.00 Indemnification of Officers and Directors. The Association shall indemnify every Trustee and Officer, his heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Trustee or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct in the performance of his duty as such Trustee or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Trustee or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses, provided, however, that nothing contained in this Article shall be deemed to obligate the Association to indemnify any Member or owner of a dwelling unit who is or has been a trustee or officer of the Association or as a Member or owner of a dwelling unit in the Condominium. Nothing contained herein to the contrary shall serve to exculpate Members of the Board of Trustees appointed by Sponsor from their fiduciary responsibilities.

9.00 Fiscal Year. The fiscal year of the Association shall begin on the first day of January in each year, unless changed by a vote of two thirds (2/3) of the full membership of the Board of Trustees.

10.00 Corporate Seal. The corporate seal of the Association shall consist of two concentric circles between the circumferences of which shall be inscribed the name of the Association and within the circumferences of the inner circle the words "Incorporated, New Jersey" and the year of incorporation.

11.00 Amendments to Bylaws. These By Laws and the form of administration set forth herein may be amended from time to time by the affirmative vote of 75 percent (75%) of the total number of votes of Members in the Association, within the limitations prescribed by law. No such modification shall be operative until it is embodied in a recorded instrument which shall be recorded in the Office of the Clerk of Middlesex County in the same manner as the Master Deed and original By Laws.

12.00 Dissolution.

12.01 Procedure. In the event it is deemed advisable and for the benefit of the Members of the Association that the Association should be dissolved, the procedures concerning dissolution set forth in Chapter 1, Section 20, of Title 15 of the Revised Statutes of the State of New Jersey, entitled Corporations and Associations Not for Profit shall be followed.

12.02 Distribution of Assets. In the event of dissolution, the assets of the Association, after the payment of all debts including mortgages and other encumbrances, shall be distributed to the unit owners in proportion to the fair market value of their respective dwelling units.

13.00 Members Maintenance Fees. Maintenance costs for the Association and the condominium owned lands and facilities shall be computed on the basis of each unit owner paying 1/545th of the total operating budget of the Association. Should the actual number of units

constructed differ from 545, the maintenance costs payment for each unit owner will be determined by a fraction, the numerator of which is 1, and the denominator of which is the actual number of units constructed multiplied by the total operating budget of the Association. After the equal individual unit assessments have been calculated the actual assessment to be levied upon the individual Affordable Condominiums as set forth in the Affordable Housing Plan shall be fixed at an amount equal to 33% of the assessment which would have been levied against all units were all units to pay equal assessments. The total difference between the equal assessment to be levied against Affordable Condominiums shall be evenly distributed among all remaining units which are not Affordable Condominiums. This allocation of Assessments among Affordable Condominiums and the remainder of the unit may not be amended or altered except in accordance with the terms of the affordable Housing Plan. Commencing upon the date upon which the terms and restrictions of the Affordable Housing Plan shall cease to be applicable to a specific Affordable Condominium, such Affordable Condominium shall be assessed in the same manner as all other units which are not Affordable Condominiums. The budget shall provide the complete allocation of the total assessment collected from the unit owners without any unallocated surplus remaining.

14.00 Deposits Required.

Upon conveyance of a dwelling unit by Sponsor to an initial purchaser of said dwelling unit, said dwelling unit owner shall deposit with the Association three (3) months estimated monthly Association assessments.

The aforesaid deposits shall be refunded to the unit owner (less any assessments currently owed) upon resale of the dwelling unit by him, upon the condition that a deposit in an amount equal to three (3) months current monthly Association assessments (excluding any assessments currently owed) is received from the purchaser of the particular dwelling unit. In the event said deposits are not received by the Association within thirty (30) days from the date of closing of title to such resale, the initial deposits shall be deemed credited to the account of the new owner. Nothing herein shall affect any unit owners obligation for the payment of any Association assessments, charges or liens. The Association shall place all such deposits in interest bearing accounts and the interest so earned shall be considered income available for general operating purposes of the Association.

15.00 Reserves. The Board shall not be obligated to expend all of the revenues in any accounting period, and must, by regular installment maintenance payment, rather than by special assessments, maintain reasonable and adequate reserves for, among other things, maintenance, repairs and replacement of those elements of the common property that must be replaced on a periodic basis, emergencies, contingencies for bad weather or uncollected accounts. Notwithstanding anything herein to the contrary, the Board, in its determination of the Common Expenses and the preparation of a budget, shall specifically designate and identify what portion of the Common Expenses to be assessed against the unit owners is allocable to reserves for each separate item of repair and improvements and the same shall be kept in interest bearing savings accounts appropriately earmarked for each category. Interest earned on such interest bearing accounts shall remain allocable to such reserves and shall not be available for general purposes of the Association. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of functions. The Board shall at the time of adoption of the budget for the ensuing year evaluate the adequacy of the Reserves and adopt a resolution stating that the reserves are sufficient for the purposes set forth in this Article.

16.00 Agreement for Professional Management. Any agreement for professional management of the Association, or any other contract providing for services of the Sponsor, may not exceed one (1) year. Any such agreement must provide for termination by either party (a) without cause and without payment of a termination fee on ninety (90) days or less written notice and (b) for cause upon thirty (30) days written notice.

17.00 Reservation of Amendment Rights. Regardless of any other provision of the By Laws, the Sponsor specifically reserves the right, at any time as long as the Sponsor retains title to any property thereunder, to amend the within By Laws of Society Hill at Piscataway Condominium Association, Inc., and any amendments thereto, for the express purpose of qualifying the property hereunder for Federal National Mortgage Association and/or Federal Home Loan Mortgage Corporation mortgage financing programs or any other similar secondary mortgage lender or purchaser of mortgage loans on the secondary mortgage market so as long as such Amendment does not conflict with the New Jersey Condominium Act (N.J.S.A. 46:8B-1 et. seq.) or other applicable laws, regulations and statutes. Such amendment shall not require the approval of the unit owners. All costs associated with obtaining such approval shall be the sole obligation of the Sponsor.

The Sponsor hereby reserves the right to execute on behalf of all contract purchasers, unit owners, mortgagees, eligible mortgage holders, eligible insurers or guarantors, other lien holders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to the above described documents which may be so required to effectuate and implement any of the amendments described in this Article. Sponsor has been constituted, appointed and confirmed named as attorney-in-fact for the purpose of executing such amended Master Deed(s) and other instrument(s) necessary to effect the foregoing (provided that such power of attorney may not be used to adversely affect the priority of validity of any lien on or the value of any unit) by virtue of paragraph 13.00 of the Master Deed.

While the Sponsor maintains a majority of the Board of Directors, it shall make no additions, alterations, improvements or purchases not contemplated in this Offering which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency. The Sponsor shall not be permitted to cast any votes held by him for unsold lots, parcels, units or interest for the purpose of amending the Master Deed, By Laws or any other document for the purpose of changing the permitted use of a lot, parcel, unit or interest, or for the purpose of reducing the common elements or facilities. However, Sponsor shall be permitted to cast such votes for all unsold units which have been submitted by Sponsor to the Condominium even prior to such units being issued a Certificate of occupancy on all other matters.

BY-LAWS - INDEX

PARAGRAPH	TITLE		
1.00	Applicability, Member, Membership, Definition	7.00	Officers
1.01	Purpose	7.01	Designation
1.02	Members	7.02	Election of Officers
1.03	Definition of Terms	7.03	President
1.04	Rights of Members	7.04	Vice-President
2.00	Principal Office	7.05	Secretary
3.00	Meetings b Voting	7.06	Treasurer
3.01	Place of Meeting	7.07	Compensation of Officers
3.02	Annual Meetings	8.00	Indemnification of Officers
3.03	Notice of Annual Meetings	9.00	Fiscal Year
3.04	Special Meetings	10.00	Corporate Seal
3.05	Notice of Special Meetings	11.00	Amendments to Bylaws
3.06	List of Members	12.00	Dissolution
3.07	Voting	12.01	Procedure
3.08	Good Standing	12.02	Distribution of Assets
3.09	Quorum	13.00	Members Maintenance Fees
3.10	Proxies	14.00	Deposits Required
3.11	Capital Expenditures	15.00	Reserves
3.12	Order of Business	16.00	Agreement for Professional Management
4.00	Obligations of Members	17.00	Reservation of Amendment Right
4.01	Unit Maintenance		
4.02	Negligence		
4.03	Common Expense		
4.04	Time of Payment		
4.05	Lien		
4.06	Acceleration		
4.07	Priority of Assessment		
4.08	Liability of Acquirer of Unit		
4.09	Use of Units		
4.10	Access to Units		
4.11	Compliance with Rules		
4.12	Suspension of Rights		
4.13	Contribution to Capital		
5.00	Board of Trustees		
5.01	Number and Qualifications		
5.02	Election		
5.03	Term		
5.04	Vacancies		
5.05	Removal		
5.06	First Organizational Meeting		
5.07	Regular Meetings		
5.08	Special Meetings		
5.09	Notices and Waivers of Meetings		
5.10	Quorum		
5.11	Powers and Duties		
6.00	Damage to Buildings, Reconstruction, Sale, Obsolescence		
6.01	Damage		
6.02	Total Destruction		
6.03	Obsolescence		