

EXHIBIT "B"

BY-LAWS

OF

SEA WINDS TOWNHOUSE CONDOMINIUM ASSOCIATION, INC.

(Located in the City of Long Branch
County of Monmouth, State of New Jersey)

ARTICLE I

NAME, OFFICE AND PURPOSE

Section 1. Name and Principal Office. These are the By-Laws of SEA WINDS TOWNHOUSE CONDOMINIUM ASSOCIATION, INC. (the "Association"), whose principal office is located at 777 Westpark, Oakhurst, New Jersey, but thereafter may be located at such other place or places as shall be permitted and designated by the Trustees.

Section 2. Purpose. The Association is formed to serve as a means through which the condominium apartment unit owners (the "Unit Owners") may take action with regard to the administration, management, maintenance, repair and operation of the Condominium Property (hereinafter defined) known as SEA WINDS, A CONDOMINIUM (the "Condominium"), situated in the City of Long Branch, Monmouth County, New Jersey, which has been created and established in accordance with the provisions of a master deed (the "Master Deed") executed by Petcon Development Corp., a New Jersey corporation ("Sponsor"), and recorded in the office of the Monmouth County Clerk, Freehold, 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 has been created and established and is to be governed are P.L. 1969, Ch. 257, R.S. 46:8B-1, et seq, as amended, of the laws of the State of New Jersey (the "Condominium Act") and the Association is intended to be the entity responsible for the administration and management of the Condominium as provided in the Condominium Act.

ARTICLE II

PLAN OF APARTMENT 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 "Condominium Property" as used herein shall include the land, the building ("Building") and all other improvements thereon, including the Apartment Units (individually, an "Apartment Unit") and the Common Elements, as defined in the Master Deed, 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 Apartment Units and their employees, and any other persons who may use the facilities of the Condominium 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 of conveyance or the entering into of a lease or the act of occupancy of an Apartment 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 and ratified and will be complied with. Each purchaser of an Apartment Unit in the Condominium will, by virtue of his ownership, become a member of the Association. Title to Apartment Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common, as joint tenants, or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

ARTICLE III

MEETINGS OF UNIT OWNERS

Section 1. Place of Meetings. The Unit Owners of the Condominium shall hold meetings at the Building, or at such other place as may be fixed from time to time by the Board of Trustees and designated in the notice of such meeting.

Section 2. Annual Meetings. The first annual meeting of the Unit Owners shall be held at 8 o'clock p.m. on the first Monday of July, which is sixty (60) or more days later than the day on which twenty-five (25%) percent of the units have been sold to Unit Owners other than the Sponsor. Thereafter, in each succeeding year, 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 legal holiday, on the first day thereafter which is not a legal holiday. Subject to the provisions of Section 1 of Article IV, at each annual meeting the Unit Owners shall elect Trustees of the Association and may transact such other business as may properly come before the meeting.

Section 3. Special Meetings. Special meetings may be called by the President, Vice-President, Secretary or a majority of the board of trustees and must be called by such officers upon receipt of written request of fifty (50%) percent or more of the ownership interests in the common elements; provided, however, that in the discretion of the board of trustees; no more than one special meeting need be held in any one calendar month. Such written request shall state the purpose or purposes of the proposed meeting. A special meeting shall be held on a date set by the president within thirty (30) days of the date on which the Board of Trustees is to be elected pursuant to Article IV, Section 1 of the By-Laws for the sole purpose of electing a new Board of Trustees to serve until the next annual meeting to be held under Section 2 of this Article III and until their successors have been qualified and have commenced serving their term of office.

Special meetings shall be called for the purpose of electing trustees no later than sixty (60) days following the conveyance to Unit Owners other than the Sponsor of twenty-five (25%) percent of the units; following the conveyance to Unit Owners other than the Sponsor of fifty (50%) percent of the units and following the conveyance to Unit Owners other than the Sponsor of seventy-five (75%) percent of the units.

Section 4. Record Date. For the purpose of determining the Unit Owners entitled to notice of any meeting of the Association, or any adjournment thereof, or for the purpose of any other action, the Board of Trustees shall fix, in advance,

a date as the record date for such determination. All unit owners of record on the record date, as so determined, shall be entitled to notice as hereinabove stated. 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 ten (10) days before the date of the meeting.

Section 5. Notice of Meeting. Notice of meetings to the Unit Owners shall be in writing and, except in the case of 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 and the purpose therefor. Such notice shall be mailed or delivered not less than fifteen (15) nor more than forty-five (45) days prior to the date of the meeting. Notices shall be mailed to the owner of record at the subject unit, or as otherwise directed by a court, or, in the case of a corporation, either by mailing notice to the unit or to the registered office of the corporation. Notice of all meetings at which disposition is to be made of assets or granting of rights or easements in the Condominium Property must also be given to the record holders of permitted mortgages on any Apartment Units.

Section 6. 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 any particular meeting. The attendance of any Unit Owner at a meeting in person or by proxy, without protesting the meeting, shall constitute a waiver of notice of the meeting by him.

Section 7. Quorum. The presence in person or by proxy of Unit Owners holding at least fifty (50%) percent or more of the ownership interests in the Common Elements shall constitute a quorum at a meeting of the Unit Owners. When a quorum is once present to organize the meeting, it cannot be broken by the subsequent withdrawal of a Unit Owner or Unit Owners or his or their voting representatives.

Section 8. Majority Vote. The vote of a majority of the votes, as defined in Section 9 immediately following, cast by Unit Owners at a meeting at which a quorum shall be present shall be binding upon the Unit Owners for all purposes other than those under which the terms of the Master Deed or these By-Laws or the provisions of New Jersey law require a higher percentage.

Section 9. Voting. Except as otherwise required by law, or specifically required by the Master Deed, the Unit Owners shall have a vote determined in accordance with the percentage of ownership interest owned by said Unit Owners in the Common Elements as set forth in the Master Deed. A fiduciary shall be entitled to vote with respect to any Apartment Unit owned in a fiduciary capacity. If there are co-owners of record of an Apartment Unit (whether by joint tenancy, tenancy in common, tenancy by the entirety, partnership or otherwise), all of such co-owners may attend the meetings of the Association but their votes shall be exercised unanimously by having such co-owners designate in writing one person who alone shall be entitled to exercise the entire voting rights appurtenant to the voting list and shall be controlling until cancelled or superseded by a written notice to the Secretary of the Board of Trustees, signed by all such co-owners and received at least one (1) day prior to the meeting or meetings to which such notice relates. If at any time the co-owners of an Apartment Unit shall have failed to designate a person to exercise their voting rights, they shall

nevertheless be required to cast their votes unanimously. If the co-owners of an Apartment Unit cannot unanimously agree how to cast their votes at a meeting, then and in that event the votes appurtenant to their Apartment Unit shall not be permitted to be cast at that meeting and, for the purposes of determining a quorum, the proportionate undivided interest in the Common Elements of the Apartment Unit owned by such co-owners shall be deemed to be zero and the proportionate undivided interests in the Common Elements of all other Apartment Units shall be deemed to be automatically adjusted to the nearest one-hundredth of one percent (.01%), so as to allocate the proportionate undivided interests in the Apartment Unit of such co-owners among all other units proportionately, and to produce adjusted proportionate undivided interests in the Common Elements for all other Apartment Units totalling one hundred (100%) percent and said Unit Owners shall not be entitled to cast any vote at that meeting. If the co-owners of an Apartment Unit shall not be permitted to cast the votes appurtenant to their Apartment Unit for the reason specified in the immediately preceding sentence, they shall be deemed to have consented to any action taken at such a meeting which requires the unanimous consent of all Unit Owners. Notwithstanding the foregoing, if co-owners of an Apartment Unit shall have failed to designate a person to cast their votes and if only one of such co-owners is present or represented by proxy, he or the holder of such proxy, as the case may be, shall be accepted by the Association as the agent and attorney-in-fact for the other co-owners not present and shall be permitted to cast all of the votes appurtenant to such Apartment Unit. If an Apartment Unit is held in a fiduciary capacity, the fiduciary and not the beneficiary shall be entitled to exercise the voting rights appurtenant to such Apartment Unit. If an Apartment Unit is held by a Corporation, its governing board shall designate a person to exercise its voting rights which designation shall be recorded on the voting list and received by the Secretary of the Board of Trustees at least one day prior to the meeting to which such designation relates.

No vote shall be cast for the election of the Board of Trustees on behalf of an Apartment 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 so long as it continues to be so held. Votes may be cast by each Unit Owner in person or by his proxy. 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 shall be valid only for the particular meeting designated therein and may be revoked by the Unit Owner by appearance in person at the meeting upon filing with the Secretary at that time notice of the revocation.

Section 10. Good Standing. A Unit Owner shall be deemed "in good standing" and shall therefore be entitled to vote as herein provided at any meeting of Unit Owners subject, however, to the limitations of Section 9 of this Article, if said Unit Owner shall have paid, in full, at least three (3) days prior to the date fixed for a particular meeting, all then due assessments, charges and any interest, penalties, costs, fees and the like which have been levied against his Apartment Unit and/or himself. The Board of Trustees shall be the sole judge of whether a Unit Owner has paid all then due assessments, charges and interest, penalties, costs, fees and the like which have been levied against his Apartment Unit and/or himself.

Section 11. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum has not been reached, the meeting shall be adjourned to a date not less than 72 hours from the time scheduled for the original meeting and there shall be given notice of the new meeting date by regular mail not less than three (3) days prior to such rescheduled date. Proof of such mailing shall be submitted by an affidavit of mailing by the Secretary of the Association or its representative.

Section 12. Order of Business. The order of business at the annual meeting of the Unit Owners shall be as follows:

- (a) Roll Call
- (b) Proof of Notice of Meeting or Certification as to Waivers
- (c) Reading of Minutes of Preceding Meeting
- (d) Appointment of Inspectors of Election
- (e) Nomination and Election of Members of the Board of Trustees
- (f) Report of Officers (including the Treasurer's report on the Annual Financial Statement and Current Budget)
- (g) Report of Board of Trustees
- (h) Report of Committees (if any)
- (i) Report of Inspectors of Election and Certification
- (j) Unfinished Business
- (k) New Business
- (l) Adjournment

With regard to new business as set forth in subparagraph (k) above, any matter constituting new business may only be added to the agenda by a Unit Owner for purposes of taking a vote thereon (but not for purposes of discussion) if a petition, signed by the Unit Owner, requesting that such matter be added to the agenda of new business is served upon the Secretary of the Association not less than fourteen (14) days nor more than sixty (60) days prior to the last day upon which notice of the meeting must be given pursuant to Section 5 hereof. The order of business at all other meetings of the Unit Owners shall conform to the above order of business insofar as the special purpose or purposes thereof will permit.

ARTICLE IV

BOARD OF TRUSTEES

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Trustees, consisting initially of not less than three (3) members, who need not be owners of units but one of whom shall at all times be a resident of the State of New Jersey. The Board of Trustees shall be designated by the Sponsor until Unit Owners other than the Sponsor own twenty-five (25%) percent or more of the units in a condominium that will be operated ultimately by an Association. Then the Unit Owners other than the Developer shall be entitled to elect not less than twenty-five (25%) percent of the members of the governing board or other form of administration of the Association. Unit Owners other than the Sponsor shall be entitled to elect not less than forty (40%) percent of the members of the governing board or other form of administration upon the conveyance of fifty (50%) percent of the units in a condominium. Unit owners other than the Sponsor shall be entitled to elect all of the members of the governing board or other form of administration upon the conveyance of seventy-five (75%) percent of the units in a condominium.

However, when some of the units of a condominium have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Sponsor in the ordinary course of business, the Unit Owners other than the Sponsor shall be entitled to elect all of the members of the governing board or other form of administration. When the Unit Owners shall be entitled to elect all of the members of the governing board or other form of administration, the Board of Trustees shall consist of five (5) persons or such greater number as may be fixed by the Board of Trustees from time to time, each of whom shall be owners or spouses of owners of Apartment Units, or in the case of partnership owners shall be members of such partnership, or in the case of corporate owners shall be officers or stockholders of such corporation, or in the case of fiduciary owners shall be fiduciaries or officers of such fiduciaries. At all times that one or more units is owned by the Sponsor, and being held for sale by him in the ordinary course of business, at least one member of the Board of Trustees shall be appointed by the Sponsor and, in addition, the Sponsor shall be entitled to cast a vote or votes for the remaining Trustees based upon the ownership interest of the Sponsor. The Sponsor shall not be permitted to cast any votes held by him for unsold lots, parcels, units or interests for the purpose of amending the Master Deed, By-Laws or any other document for the purpose of changing the permitted use of a lot, unit, parcel or interest, or for the purpose of reducing the common elements or facilities. Members designated or appointed by the Sponsor shall serve at the pleasure of the Sponsor and may be removed from office by the Sponsor at any time with or without cause. They shall tender their resignations at such time as the Unit Owners shall be entitled to and shall elect replacement trustees pursuant to the provisions of this section, and in the case of the trustee designated by the Sponsor by virtue of his ownership of a condominium unit or units which he is holding for sale in the ordinary course of business, such trustee shall tender his resignation upon transfer of title by the Sponsor of the final unit owned by the Sponsor; whereupon the remaining members of the Board of Trustees shall fill the vacancy thus created and the newly elected trustee shall serve until the next annual meeting at which point the Unit Owners shall elect a replacement trustee. In any event, Sponsor agrees to turn over control of the Association to the unit owners no later than eighteen (18) months after the conveyance of the first unit.

Section 2. Powers and Duties. The Board of Trustees shall have the powers and duties necessary for the administration and management of the affairs of the Association and may do all such acts and things, except those which by law or by the Master Deed or by these By-Laws may not be delegated to the Board of Trustees by Unit Owners. In addition to those powers and duties granted the Board of Trustees pursuant to the Condominium Act, the powers and duties of the Board of Trustees shall include, but shall not be limited to, the following:

(a) 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 for future replacement of and maintenance of the Condominium Property.

1. The Board of Trustees shall, 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 Apartment Unit based upon the percentage of Common Elements represented by each such Apartment Unit, to meet the Common Expenses of the Association, including the aforesaid reserves and to make up any deficit in the Common Expenses for any prior year. The Board of Trustees shall allocate and assess such charges among the Unit Owners in accordance with the applicable provisions of the Master Deed. If the Board of Trustees so decides it may permit Unit Owners to attend and participate at the meeting held for the purpose of preparing the budget but said Unit Owners shall not be permitted to vote on matters pertaining thereto. 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 first day of each month of the fiscal year, in advance, at the office of the Association. A statement of the aforesaid yearly charges along with a copy of the annual budget shall be mailed to each Unit Owner by regular mail at the commencement of each fiscal year and no further billing by the Association shall be required.

2. The fiscal year of the Association shall be a calendar year.

3. Anything in these By-Laws or elsewhere to the contrary notwithstanding, the Board of Trustees shall not have the authority, except for the repair and/or replacement of any common element or such other emergency as determined by the Board of Trustees, to expend in excess of \$5,000.00 on any item of expense in any year which is not specified in, or if specified, over the amount indicated for such item, in the aforesaid budget for such year, without the consent of the majority of the ownership interests.

With respect to the above referenced \$5,000.00, and with further respect to any other dollar reference in these By-Laws, any such dollar amounts shall be adjusted to reflect the effect of inflation upon the value of the dollar, so that the then current dollar references herein are adjusted upward by the rate of inflation. The rate of inflation shall be determined by utilization of the Consumer Price Index (CPI) as that table is published by the United States Department of Labor, Bureau of Labor Statistics, for the New York-Northeastern New Jersey area, now known as the "Consumer Price Index-United States and Selected Areas for Urban Wage Earners and Clerical Workers, all items New York-Northeastern New Jersey Average Index: 1967=100." The base year from which changes in the price index will be measured will be the year in which these By-Laws are filed and recorded. All adjustments shall be made on an annual basis. For purposes of determining the percentage increase in the CPI, the base CPI shall be that in effect for the first month of the initial term of the Association, and the adjusted CPI for any particular year shall be that in effect during the initial month of the fiscal year of that particular year. The applicable dollar value shall be increased percentage-wise as the said CPI index for the current period has increased as compared with the

base CPI index as above fixed. Specifically excluded from the above adjustment for CPI increase are items which are set forth in the current annual budget and items which are levied by way of special assessment.

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

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Condominium 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 Condominium 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 Trustees may from time to time be necessary for the proper operation and maintenance of the Condominium Property and Common Elements and the facilities and general business of the Association. The Board of Trustees may also employ a manager for the Association at such compensation as it may deem appropriate, to perform such duties as the Board of Trustees may so designate and may lawfully delegate.

(h) Employment of legal counsel, engineer and accountants and fixing their compensation whenever such services may be deemed necessary by the Board of Trustees.

(i) Maintenance of detailed books of account of the receipts and expenditures of the Association. Such books of account shall be audited when requested by the Board of Trustees 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 Trustees and announced for general knowledge.

(j) Maintenance of 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 Trustees may deem necessary, if at all. The premiums for such coverage 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 Elements 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, Apartment Units offered for sale or lease or surrender by their Unit Owners to the Association or to the Board of Trustees, when so required in the discretion of the Board of Trustees, but only with consent of a majority of unit owners.

(m) Purchasing of Apartment 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 Trustees, but only with consent of a majority of unit owners.

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

(o) Adjusting or increasing the amount of any monthly installment payment of Common Expenses and levying and collecting from Unit Owners special assessments in such amounts and payable in such manner as the Board of Trustees may deem necessary to defray and 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 proportion or percentage as provided in Section 1 of Article VI hereof.

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

(q) Making of repairs, additions and improvements to or alterations of the Condominium Property and repairs to and restoration of the Condominium Property in accordance with the other provisions of 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 Trustees any of the Common Elements require 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 Trustees will have the right to enter any Apartment Unit for such purpose. Such entry shall, however, be done with as little inconvenience to the Unit Owners thereof as is reasonably possible. By the acceptance of occupancy or of a deed conveying each Apartment Unit to the Unit Owner, each occupant or Unit Owner expressly and irrevocably grants and confirms the aforesaid rights of entry.

(r) Purchasing insurance in such amounts and kinds as may be required by these By-Laws or the Master Deed or which the Board of Trustees considers in the best interest of the Association, including by way of example and not by way of limitation, Directors Liability Insurance or similar types of coverage.

(s) Leasing or granting licenses or concessions with respect to the Common Elements.

(t) Issuing of Certificate ("Treasurer's

Certificate") showing the amount of unpaid assessments pertaining to Units upon request therefor pursuant to N.J.S.A. 46:8B-21, to enforce and perfect said lien claim at the discretion of the Board of Trustees.

(u) Assessing, levying and collecting special assessments limited to one or more Apartment Units where authorized by the Master Deed, these By-Laws or the Condominium Act. In connection with the collection of any assessment or other charge to impose an interest charge at the legal maximum if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said charges by resort to counsel, the Board may add to the aforesaid charge or charges, a sum or sums of thirty (30%) percent of the gross amount due as counsel fees, in addition to such costs allowable by law.

(v) Levying of fines against the Unit Owners for violations of rules and regulations established by the Board to govern the conduct of the Unit Owners. The fine shall be in a discretionary amount and the collection of the fines may be enforced against the Unit Owner or Unit Owners involved as if the fine were a common charge owed by the particular Unit Owner.

(w) Until control of the Association is relinquished to the Association of Unit Owners, the Sponsor will not make any improvements or additions to the Common Elements which would result in the imposition of special assessments or result in the substantial increase in the maintenance charges. The only exception to the above limitation is in the event of an emergency.

(x) With the consent of a majority of unit owners purchasing a Unit from Sponsor to be made available on such terms as the Board of Trustees deems appropriate to a resident manager employed by the Association and, in the discretion of the Board of Trustees, obtain a mortgage for all or a part of the purchase price and charge the mortgage payments and the share of the Common Expenses otherwise payable on account of that Unit as a Common Expense.

Section 3. Election and Term of Office. A meeting of the Unit Owners shall be held annually following the conveyance to Unit Owners other than the Sponsor of twenty-five (25%) percent or more of the units in the Condominium. Prior to the acquisition of twenty-five (25%) percent of the Units in the Condominium, the Unit Owners will not have the right to election of members of the Board of Trustees. However, special meetings shall be called for the purpose of electing trustees no later than sixty (60) days following the conveyance to Unit Owners other than the Sponsor of twenty-five (25%) percent of the units; following the conveyance to Unit Owners other than the Sponsor of fifty (50%) percent of the units; and following the conveyance to Unit Owners other than the Sponsor of seventy-five (75%) percent of the units. At the first such special meeting, the Board of Trustees shall be set at five (5) members. The term of office of Trustees elected at the first special meeting shall expire at the first annual meeting, at which time the term of office of two (2) members of the Board of Trustees shall be fixed at three (3) years, the term of two (2) members shall be fixed at two (2) years and, the term of one (1) member shall be fixed at one year. At the expiration of the initial term of each at the succeeding annual meetings,

his successor shall be elected to serve for a term of three (3) years. The members of the Board of Trustees shall hold office until their respective successors shall have been elected by the Unit Owners.

Section 4. Removal of Members of the Board of Trustees. At any annual or special meeting of Unit Owners held after the purchase by Unit Owners other than the Sponsor of twenty-five (25%) percent or more Units in the Condominium that will be operated ultimately by an Association, any one or more of the members of the Board of Trustees may be removed with or without cause by a two-third's majority vote pursuant to Section 8 of Article III and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Trustees whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting called for such purpose. Board members designated by the Sponsor in accordance with the provisions of Section 1 of Article IV may be removed only by the Sponsor.

Section 5. Vacancies. Vacancies in the Board of Trustees caused by any reason, other than the removal of a member thereof by a vote of a majority of the remaining Trustees at a special meeting of the Board of Trustees held for that purpose, shall promptly be filled after the occurrence of any such vacancy at a special meeting of the Board of Trustees held for that purpose or at any regular meeting of the Board of Trustees. Each person so elected shall be a member of the Board of Trustees until a successor shall be elected at the next annual meeting of the Unit Owners and the term of the newly elected trustee shall be for the balance of the term of the vacated trusteeship. Any vacancy created by removal of a Board member of the Sponsor as permitted by this Article shall be filled by a person designated for such purpose by the Sponsor. Any vacancy created by removal of a Board member who was elected by the Unit Owners shall be filled by a unit owner other than the Sponsor.

Section 6. Organizational Meeting. The first meeting of the Board of Trustees elected at the first special meeting of the Unit Owners shall be held after the purchase by Unit Owners other than the Sponsor of twenty-five (25%) percent or more of the Units in the Condominium that will be operated ultimately by the Association. This first meeting of the Board of Trustees shall be held at such time and place as shall be fixed by the Unit Owners at such meeting and no notice shall be necessary to the newly elected members of the Board of Trustees in order legally to constitute such meeting, provided a majority of the entire Board of Trustees shall be present thereat. Thereafter, immediately following each annual meeting of Unit Owners, the newly elected Board of Trustees shall meet for the purpose of organization, election of officers and the transaction of other business and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting, provided a majority of the entire Board of Trustees shall be present thereat. Prior to the first organizational meeting specified herein, the Board of Trustees shall have such meetings and at such time as is necessary to properly supervise the operation of the Condominium.

Section 7. Regular Meetings. Regular meetings of the Board of Trustees 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 Trustees, but at least two such meetings shall be held during each fiscal year of the Association. Notice of regular meetings of the Board of Trustees shall be given to each member of the Board of Trustees at least three business days prior to the day designated for such meeting.

Notwithstanding anything herein to the contrary contained, upon the affirmative vote of a majority of the Board of Trustees, the duties of the Treasurer may be assigned to the management agent or management company which may have been hired by the Condominium Association.

Section 8. Special Meetings. Special meetings of the Board of Trustees may be called by the President of the Association on notice of three business days prior to such meeting sent to each member of the Board of Trustees of such meeting. Such notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Trustees shall be called by the President or Secretary in like manner and on like notice at the written request of at least three (3) members of the Board of Trustees.

Section 9. Waiver of Notice. Any member may at any time waive notice of any meeting of the Board of Trustees in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Trustees at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof, unless such attendance is for the purpose of protesting the lack of notice and written notice of such purpose is delivered to the other members of the Board at that time. Subject to the provisions of the preceding sentence, if all members of the Board of Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 10. Quorum of Board of Trustees. At a meeting of the Board of Trustees a majority of the members thereof shall constitute a quorum for the transaction of business and the votes of a majority of the members of the Board present at a meeting at which a quorum is present shall constitute the decision of the Board of Trustees. If at any meeting of the Board of Trustees 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 11. Fidelity Bonds. Once decided that there is a need for same, the Board of Trustees shall use its best efforts to 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 12. Compensation. No member of the Board of Trustees shall receive any compensation from the Association for acting as such, except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties. In the event an officer or trustee shall act as collection and/or management agent, then a fee to be determined by the Trustees shall be allowed. Said fee shall be deducted without approval, from the monies collected each month and shall be shown accordingly on all accounting records and statements.

Section 13. Liability of the Board of Trustees. The members of the Board of Trustees shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual gross negligence or willful misconduct. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Trustees against all contractual liability to others arising out of contracts made by the Board of Trustees 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 Trustees 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 Trustees or out of the aforesaid indemnity in favor of the members of the Board of Trustees 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 Trustees 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 or for their gross negligence or willful misconduct) 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 contained herein shall serve to exculpate members of the Board of Trustees appointed by the Sponsor from their fiduciary responsibilities.

Section 14. Managing Agent and Manager. The Board of Trustees may employ a managing agent and/or a manager of the Condominium at a compensation established by the Board of Trustees, to perform such duties and services as the Board of Trustees shall authorize. The Board of Trustees may delegate to the managing agent or the manager all of the powers granted to the Board of Trustees by these By-Laws but notwithstanding such delegation, shall remain responsible, in accordance with Section 13 above, to the Unit Owners for the proper performance of such duties and services.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, the Vice-President, the Secretary and Treasurer, all of whom shall be elected by the Board of Trustees. The Board of Trustees may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President and Vice-President shall be, but no other officers need be, members of the Board of Trustees.

Section 2. Election of Officers. The officers of the Association shall be elected by the Board of Trustees at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Trustees.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Trustees, any officer may be removed with or without cause and his successor may be elected at any regular meeting of the Board

of Trustees or at any special meeting of the Board 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 Trustees. He shall have all of the general powers and duties which are incident to the office of the 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, deem 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, the Board of Trustees shall appoint some other member of the Board of Trustees 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 Trustees or the President.

Section 6. Secretary. The Secretary shall (a) keep the minutes of all meetings of Unit Owners and of the Board of Trustees, (b) have charge of such books and papers as the Board of Trustees may direct and (c) 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 such duties for any committees as the Board of Trustees 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, including proposed and actual budgets. 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 Trustees, and he shall generally perform all duties incident to the office of the Treasurer of a corporation under New Jersey law. He shall render to the President and the Board of Trustees a full account of the financial condition of the Association at the regular meetings of the Board of Trustees and whenever either the President or the Board shall so require.

Section 8. Compensation of Officers. No officers shall receive any compensation from the Association for acting as such, except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties. In the event an officer shall act as collection and/or management agent, then a fee to be determined by the Trustees shall be allowed. Said fee shall be deducted without further approval from the monies collected each month and shall be shown accordingly on all accounting records and statements.

Section 9. Agreements, Contracts, Deeds, 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 in writing by the Board of Trustees. However, in the event the duties of the Trustee have been

assigned to a managing agent or management company, then and in such event the requirement of execution by any two officers of the Association shall be waived with regard to the issuance of checks on behalf of the Condominium Association so as to enable the managing agent or managing company to issue checks on behalf of the Association.

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 and only if and to the extent such settlement is approved by the Board of Trustees. Such indemnification is intended to encompass 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. Nothing herein shall serve to exculpate any officer appointed by the Sponsor or by the Sponsor's trustees from their fiduciary obligations.

ARTICLE VI

OPERATION OF THE PROPERTY

Section 1. Determination and Establishment of the Common Expenses. The Board of Trustees shall from time to time, and at least annually, prepare a budget for the Condominium, determining the total amount of Common Expenses required by said budget and shall then allocate and assess such Common Expenses among the Unit Owners or, in the case of a surplus, distribute said common surplus among the Unit Owners in accordance with their respective interests in the Common Elements or to apply the common surplus against the Common Expenses for the year following the year in which the common surplus was created, as the Board of Trustees may so determine in their sole and absolute discretion. The Common Expense shall include, among other things, the cost of insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Trustees pursuant to the provisions of Section 2 of Article VI. The Common Expenses shall also include such amounts as the Board of Trustees may deem proper for the operation and maintenance of the Condominium property, including but not limited to, an amount for working capital of the Association, for a general operating reserve plus an amount sufficient 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 Apartment Unit, or of any Apartment Unit which is to be sold at a foreclosure or other judicial sale. The Board of Trustees 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, and shall furnish to all Unit Owners copies of each budget on which such Common Expenses are based. Anything in

these By-Laws to the contrary notwithstanding, the Board of Trustees shall not have the authority to incur any liability or expend any funds in behalf of the Unit Owners or the Association in respect of capital improvements proposed to be made (whether or not so designated on the books of the Association) in excess of 10 percent over the approved budget, except in the event of an emergency as determined by the Board of Trustees, in any fiscal year of the Association without, in each instance, the prior authorization of the Unit Owners by the affirmative vote of 65% of the votes cast on the question at a meeting of Unit Owners at which a quorum shall be present.

Section 2. Insurance.

A. The Board of Trustees shall be required to obtain and maintain, to the extent obtainable, the following insurance upon the Condominium Property and the 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 Apartment Units and their respective mortgagees as their interest may appear. All policies shall be written with a company licensed to do business in the State of New Jersey and holding a rating of "AAA" or better by Best's Insurance Reports or by an equivalent rating bureau should Best's Insurance Reports cease to be issued. If agreeable to the insurer, such policies shall include provisions that they be without contribution, that improvements to Apartment Units made by the Unit Owners shall not affect the valuation of the Condominium 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 families, employees, servants, agents and guests. The insurance maintained shall cover the following perils and contingencies:

(1) CASUALTY: All improvements upon the Condominium Property and all personal property included therein, except the Units and such personal property as may be owned by the Unit Owners, shall be insured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavation, foundations and other construction components customarily excluded) as determined periodically by the insurance company affording such coverage. Such coverage shall afford protection against:

(a) Loss or damage by fire or other hazards covered by the standard extended coverage endorsements; and

(b) Such other risks as from time to time shall customarily be covered with respect to improvements similar in construction, location and use including but not limited to vandalism, malicious mischief, windstorm and water damage.

(2) COMPREHENSIVE PUBLIC LIABILITY AND PROPERTY DAMAGE in such amount and in such forms, as shall be required by the Association, including but not limited to, water damage, legal liability, hired automobiles, non-owned automobiles and off-premises employee coverages.

(3) WORKER'S COMPENSATION coverage to meet the requirements of law.

(4) FLOOD INSURANCE, if available.

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

B. Each Unit Owner shall have the right to obtain insurance, at his own expense, affording coverage upon his personal property and for his personal liability and as may be required by law and shall obtain insurance, at his own expense, affording coverage upon the Units and improvements owned by said Unit Owner in an amount equal to the maximum insurable replacement value thereof as determined periodically by the insurance company affording the coverage, such coverage to include, to the extent obtainable, the same coverage required in sub- paragraphs (1) through (4), inclusive, of sub-paragraph A of this Section 2. All such insurance shall contain the same waiver of subrogation as that referred to hereinabove (if same is available) and must be obtained from the insurance company from which the Association obtains coverage against the same risk, liability or peril if the Association has such coverage and if available from such company. However, a Unit Owner shall not be obligated to purchase such insurance through the broker or agent used by the Association.

C. 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 interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. All Unit and improvement insurance policies maintained by Unit Owners shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association for the benefit of the Unit Owners and their mortgagees as their respective interests may appear. The Association shall hold such proceeds for the benefit of the Association, the Unit Owners and their respective mortgagees in the following manner:

(1) COMMON ELEMENTS: Proceeds on account of damages to Common Elements shall be held by the Association to be used for repair, reconstruction or distribution as hereinafter set forth.

(2) UNITS: Proceeds on account of casualty to the Units and improvements of a Unit Owner shall be held by the Association in the following undivided interests:

(a) In the case of partial destruction if the Unit is to be restored or in the case of total destruction when a determination is made as hereinafter provided to restore the Units, for the owners of damaged Units in proportion to the costs of repairing the damage suffered by each damaged Unit.

(b) In the case of total destruction of the Units if the Units are not to be restored, or in the case of partial destruction when a determination is made as hereinafter provided not to restore the Unit or Units for all Unit Owners in the same proportion that the insurance proceeds paid to the Association on account of his Units and Improvements policies bears to the insurance proceeds paid to the Association on account of the Units and Improvements policies of all Unit Owners.

In the event a mortgage has been given on a Unit, the

interest of the Unit Owner shall be held for the mortgagee and the Unit Owner, as their interests may appear, but this shall not be construed to give any mortgagee the right to determine or participate in the determination of reconstruction or repair.

D. Proceeds of insurance policies received by the Association shall be distributed to, or for the benefit of, the Unit Owners having an interest therein, after paying or making provision for payment of the expenses of the Association in obtaining the proceeds, in the following manner:

(1) RECONSTRUCTION OR REPAIR: If the damaged property for which the proceeds were paid is to be repaired or reconstructed, the proceeds from policies maintained by the Association shall be paid to defray the cost thereof and shall be applied to the costs of repairing the Common Elements and the proceeds from policies maintained by Unit Owners to the restoration of the Unit or Units sustaining damage. Any proceeds from policies maintained by Unit Owners remaining after defraying all such costs shall be distributed by the Association to the particular Unit Owners whose Units sustained insured damage. All remittances to such Unit Owners shall be made payable to such Owners and their respective mortgagees, if any, jointly.

(2) FAILURE TO RECONSTRUCT OR REPAIR: If it is determined, in the manner provided in Section 3 of this Article, that the damage for which the proceeds are paid shall not be reconstructed or repaired, then the Master Deed shall be terminated by recording a deed of revocation in accordance with the provisions of the Condominium Act and the proceeds thereupon from policies maintained by the Association shall be distributed to all of the Unit Owners according to their respective interest in the Common Elements and the proceeds from each of the policies maintained by Unit Owners shall be distributed to the respective Unit Owner maintaining such policy, such remittances being payable by the Association to the Unit Owners and their respective mortgagees, if any, jointly.

Section 3. Damage by Fire or Other Casualty
Reconstruction. If all or any part of the Condominium Property or the Common Elements shall be damaged or destroyed by casualty, the same shall be reconstructed or repaired by the Association using the insurance proceeds, unless (a) the proceeds of insurance shall be inadequate by a substantial amount to cover the estimated cost of restoration of an essential improvement or Common Elements, or (b) such damage or destruction shall constitute substantially total destruction of the Building, or (c) if at a meeting of the members of the Association called prior to the commencement of such reconstruction or repair, 75% or more of the Unit Owners directly affected by such damage or destruction vote against such reconstruction or repair. If the Unit Owners shall determine not to repair or restore the Condominium Property, the Association shall proceed to realize upon the salvage value of the Condominium Property so damaged or destroyed either by sale or such other means as the Association may deem advisable and shall collect the proceeds of any insurance which insurance proceeds shall be distributed in accordance with Section 2, paragraph C, subparagraph (2) of this Article. Thereupon the net proceeds of such sale shall be considered as one fund to be divided among the Unit Owners in proportion to their respective undivided ownership of the Common Elements,

after provision for liabilities of the Association and the Board of Trustees and officers arising out of the performance of their duties hereunder. In such event the Master Deed shall be terminated by recording a deed of revocation in accordance with the provisions of the Condominium Act. Any liens or encumbrances on any affected Apartment Unit shall be relegated to the interest in the fund of the Unit Owners of such Apartment Unit.

Notwithstanding destruction of any Apartment Unit and the resulting inability to occupy such Unit, the owner of that Apartment Unit will remain liable for assessments for Common Expenses until such time as the Master Deed may be terminated as aforesaid; and in the event of the reconstruction of his Apartment Unit, liability for assessments shall continue.

If the damage is only to those parts of an Apartment Unit for which the responsibilities of maintenance and repair are those of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association which shall obtain estimates of the costs of repair and shall, to the extent that the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction and repair by the Association, assess all the Unit Owners in accordance with their Shares, for such additional funds as may be required to complete the reconstruction and repair. The Association shall not be required to restore or make available funds to restore improvements to or within an Apartment Unit, made by the Unit Owner and not covered by insurance carried or required to be carried by the Association.

The funds for payment of costs of reconstruction and repair after casualty which shall consist of proceeds of insurance held by the Association and funds collected by the Association from assessments against Unit Owners shall constitute an account to be known as "Reconstruction and Repair Account" which shall be disbursed in payment of such costs in the following manner:

(a) To Unit Owner:

The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with the Unit Owner shall be paid to such contractors, suppliers and personnel performing the work or supplying materials and services required for such reconstruction or repair in such amounts and at such times as the Unit Owner shall direct, or if there is a mortgage endorsement, then to such payee as the Unit Owner and the mortgagee jointly shall direct. This shall not be construed to limit or modify the responsibility of the Unit Owner to make such reconstruction or repair.

(b) In the Event of Lesser Damage:

If the amount of the estimated cost of reconstruction and repair is less than the total of the annual assessments for Common Expenses made during the year in which the casualty occurs, then the Reconstruction and Repair Account shall be disbursed in payment of such costs upon the order of the Board of Trustees; provided, however, that upon requests of a mortgagee, who is a beneficiary of an insurance policy the proceeds of which are included in the Reconstruction and Repair Account,

such Account shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(c) In the Event of Major Damage:

If the amount of the estimated costs of reconstruction and repair of the Building or other improvements are more than the total of the annual assessments for Common Expenses made during the year in which the casualty occurs, then the Reconstruction and Repair Account shall be disbursed in payment of such costs in the manner required by the Board of Trustees of the Association, but only upon approval of an architect qualified to practice in the State of New Jersey and employed by the Association to supervise the work.

(d) Distribution of Surplus:

It shall be presumed that the first monies which shall be disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in the Reconstruction and Repair Account after payment of all costs of reconstruction and repair for which the Account is established and after distribution of any remaining insurance proceeds as to affected Unit Owners as provided for above, such balance shall be distributed to all of the Unit Owners whose interests are reflected in such Account by reason of their having made payments of assessments thereto, in proportion to their contributions.

Section 4. Payment of Common Expenses.

A. All Unit Owners (including the Sponsor pursuant to Section 5 of the Master Deed) shall be obligated to pay the Common Expenses assessed by the Board of Trustees pursuant to the provisions of Section 1 of Article VI of these By-Laws. Payments shall be made to the Association monthly, in advance, on the first day of each month at the principal office of the Association or at such other place as may be designated for such purposes by the Board of Trustees or pursuant to the provisions of these By-Laws. In the event a Unit Owner shall fail to make payment on his part of the Common Expenses when due, said Common Expenses shall bear interest at the maximum legal rate permitted under law from the due date set by the Board of Trustees until payment is made in full of the Common Expenses due. Each member of the Association, other than the Sponsor, shall, in addition, be required to maintain with the Association a sum equal to 3/12th's of the estimated annual assessment for his Apartment Unit, or as otherwise provided by law, which shall be paid by the Unit Owner at the time of purchase, and which shall be set aside by the Association as security against nonpayment of future assessments. Said sum may be used by the Association for working capital. Unit Owners may be required to supplement said security from time to time by further 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 or to cure a default of the Unit Owner. The Sponsor shall not be required to make any such prepayment or deposit on any unit owned by it. These monies shall not be credited to the current or future common expenses due from a Unit Owner. Upon transfer of a Unit, the selling Unit Owner shall advise the Association of the proposed transfer. Upon closing of title to said Unit, the purchaser shall be required

to post 3/12th's of the estimated annual assessment for said Apartment Unit with the Association as security against nonpayment of future assessments, as provided hereinabove. Upon receipt by the Association of the 3/12th's of the estimated annual assessment by the purchaser of said Unit, the Association shall promptly thereafter refund to the selling Unit Owner, the balance of the security reserve allocable to said Unit as shown on the books of the Association maintained for such purpose.

B. No abandonment of the Apartment Unit owned by a Unit Owner or a waiver of the use and enjoyment of any of the Common Elements shall exempt or excuse any Unit Owner from his contribution toward such expenses.

Section 5. Payment of Special Assessments. Special Assessments when levied by the Board of Trustees pursuant to these By-Laws shall be paid by the Unit Owners in such manner as may be determined by the Board of Trustees; provided, however, that, other than those special assessments levied pursuant to paragraph (u) of Section 2 of Article IV of these By-Laws, the contribution of each member for such special assessment shall be apportioned in the same manner as the Common Expenses pursuant to Section 1 of this Article.

Section 6. Default in Payment of Common Expenses and Assessments. All Common Expenses and assessments chargeable to and payable by a Unit Owner for his Apartment Unit shall constitute a lien against said Apartment Unit in favor of the Association without the necessity of filing 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 Apartment Unit;

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

The Association shall file a claim of lien in the Clerk's Office of the County of Monmouth in appropriate form upon the expiration of forty-five (45) days after the unpaid Common Expense or assessment shall be due and payable. The lien aforesaid may be foreclosed 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 at the maximum legal rate 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 the assessments shall be maintainable without foreclosing or waiving the lien securing the same. The foregoing action for a money judgment shall be maintainable upon the expiration of fifteen (15) days after any Common Expenses or assessment shall be due and payable, and, except under extenuating circumstances, a foreclosure action must be commenced by the Association not later than one hundred eighty (180) days after the 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 Trustees, render the entire annual amount due and payable, as

if no installment payment provisions were operative. The failure of the Association or Board of Trustees to take any action permitted or required to be taken by the Association or Board of Trustees shall not constitute a waiver of their right to do so in the future.

Section 7. Maintenance and Repair.

A. All maintenance, repairs and replacements to the Common Elements, whether located inside or outside of the Apartment 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 and repairs to such portions of any Apartment 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 Unit Owners, shall be made promptly and carefully by the member or members owning such Apartment 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.

C. In the event the Association or a Unit Owner makes a necessary repair or replacement and it is subsequently determined that the same was the obligation of the other, then the party who should have been responsible for the repair or replacement shall indemnify the party who has made said repair or replacement for the cost of the same or shall make payment directly to the person entitled thereto within thirty (30) days of receipt of notice of such responsibility by the party liable therefor.

Section 8. Limited Common Elements. A Limited Common Element shall be for the exclusive use of the Unit Owner of such unit. Any such Limited Common Element shall be kept free and clear of snow, ice and any accumulation of water as appropriate 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 limited common elements shall be made by the Association and the cost thereof shall be assessed by the Association and charged to all Unit Owners as a Common Expense, except that unit owners shall be responsible for interior maintenance and repair of their designated limited common element garage. The Unit Owner enjoying the use of a Limited Common Element shall be responsible for the cost of any and all improvements to said Limited Common Elements.

Section 9. Restrictions on Use of Units. Subject to the provisions of Section 19 of the Master Deed, in order to provide for congenial occupancy of the Condominium Property and for the protection of the values of the Units, the use of the Condominium Property shall be restricted to and shall be in accordance with the following provisions:

- (a) The Units shall be used as single family, private residences only.
- (b) 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 private residential uses and occupancies of Units and to the use of parking spaces accessory to such private residential uses.

(c) No nuisances shall be maintained by any Unit Owner, nor shall any use or practice be allowed by any Owner which interferes with the peaceful possession or proper use of the Units or Common Elements by Unit Owners. For purposes of this subparagraph, the term "nuisance" shall include, but shall not be limited to, hanging clothes, rugs, draperies and other similar items on decks or other activities which may interfere with the peaceful possession or proper use of the Apartment Units or Common Elements by the Unit Owners. Pets are deemed to be nuisances, as set forth above. No Unit Owner shall keep a dog or cat on the subject premises unless said owner had the dog or cat at the date of purchase of the specific Unit, and provided that the Sponsor gave written permission for said Owner to retain the dog or cat. Thereafter, said Owner may not replace said dog or cat and likewise all other owners or users of the Apartments shall not maintain a dog or cat on the premises. All other pets shall be regulated by the rules and regulations promulgated by the Board of Trustees.

(d) No unlawful use shall be made of any Apartment 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. Specific reference is made to ordinances or regulations limiting the number of occupants that may reside in an Apartment Unit. Said occupancy limitation regulations shall be strictly enforced. Violations of laws, rules, orders, regulations or requirements of any governmental agency having jurisdiction thereof shall be cured and complied with, by and at the sole expense of the Unit Owners or the Association, whichever shall have the responsibility therefor.

(e) No portion of an Apartment Unit (other than the entire Apartment Unit) may be rented and no transient tenants may be accommodated therein.

(f) No external or visible radio, television or any type of communication aerial shall be installed or affixed on or about the exterior of any building constructed or erected on the property or elsewhere on such property.

(g) The Developer shall have the following rights: to use unsold units for offices or samples; to enter upon the Common Elements to show units; to maintain sale signs on the Common Elements; and to assign its rights and privileges to a subsequent developer.

Section 10. Additions, Alterations or Modifications.
No members shall make or cause or permit to be made any structural additions, alterations or improvements in or to his Apartment Unit (or elsewhere on the Condominium Property) without the prior written consent thereto of the Board of Trustees or impair any easement without the written consent of the Board of Trustees or of the Unit Owner(s) for whose benefit such easement exists. For purposes of this section (by way of

example and not by way of limitation) any changes in location of interior walls, door locations, common wiring, piping and duct work and similar alterations shall constitute a structural alteration requiring the consent of the Board of Trustees. The Unit Owner shall not relieve the Unit Owner of responsibility for acts of negligence or damage caused the Association or to the property of other Unit Owners as a result of the alterations. In the event there be damage caused to another Unit, said aggrieved Unit Owner shall not have the responsibility of enforcing its rights against the other Unit Owner who has caused the damage. Instead, he shall have the right to have the remedial work damage repaired by the Association. In such case, the Association shall bear the responsibility of enforcing collection for the cost of damages, etc. from the Unit Owner making the alterations and causing the damage. The provisions of this Section shall not apply to Apartment Units owned by the Sponsor until such Apartment Units shall have been initially sold by the Sponsor and title transferred to the Unit Owner.

Section 11. Use of Common Elements and Facilities.

A. A Unit Owner shall not place or cause to be placed in or on the Common Elements, other than in the areas designated as storage areas, if any, any furniture, packages or objects of any kind.

B. Unit Owners shall require their tradesmen to utilize exclusively the areas designated by the Association for transporting or delivering packages, merchandise or any other objects which may affect the comfort or wellbeing of Unit Owners, residents and guests.

Section 12. Right of Access. A Unit Owner shall grant a right of access to his Apartment 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 or affecting his Apartment Unit and threatening any Apartment 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 Apartment Unit or elsewhere in the Condominium Property, or to correct any condition which violates the provisions of any mortgage covering another Apartment 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, without the need for the consent of the Unit Owner. The cost of any such entry or repair shall be borne by the Unit Owner if the cause of the emergency is within the Unit of the Unit Owner, or the cost shall be borne by the Association in the event the cause for the emergency emanates from a Common Element or Limited Common Element. To perfect such rights of entry as hereinabove set forth, each Unit Owner shall be required to deposit a set of keys to said Unit with the Resident Manager or such other party designated by the Board of Trustees.

Section 13. Additions, Alterations or Improvements by Association. The Association shall have the right to make or cause to be made alterations and improvements to the Common Elements (which do not adversely prejudice the right of any Unit Owner unless his written consent thereto had been obtained) provided the making of such alterations and improvements is first authorized by the Board of Trustees of

the Association and approved by not less than a majority of the ownership interests. Notwithstanding the above, redecorating and minor alterations shall not require the approval of the Association. The costs of such alterations and improvements shall be assessed as Common Expenses unless in the judgment of not less than seventy-five (75%) percent of the Board of Trustees, the same are exclusively or substantially 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 Trustees.

Section 14. Rules of Conduct. Subject to the approval of Sponsor (until Sponsor ceases to be the owner of any Apartment Unit), and subject to the right of a majority vote of Unit Owners, as defined hereinabove, to change any such rules as provided in N.J.S.A. 46:8B-14(c), rules and regulations concerning the use of Apartment Units and the Common Elements may be promulgated, amended and enforced by the Board of Trustees. Said Board shall have specific authority to make and enforce compliance with such reasonable rules and regulations relative to the operation, use and occupancy of the Units, the Common Elements and other Condominium Property, including the right to exclusively decide upon the appropriate mode of parking upon the General Common Elements, whether same be exclusively on a valet basis or otherwise and to exclusively regulate the operation and management of the Association-owned recreation facilities and to amend same from time to time as the Board shall deem necessary and appropriate, which rules and regulations when approved by appropriate resolutions shall be binding on the Unit Owners and the tenants and occupants of the units. Copies of such rules and regulations shall be furnished by the Association to each Unit Owner and shall be binding upon all Unit Owners, occupants of Apartment Units and other users of the premises.

ARTICLE VII

SALES, LEASES AND MORTGAGES OF APARTMENT UNITS

Section 1. Sales and Leases

A. Upon the sale of a given Unit, the Unit Owner shall advise the Association of the sale, together with information concerning the name and address of the purchaser and other pertinent information. The Association shall certify as to the outstanding financial obligations of seller. The purpose of this provision is to provide the Association with a facility for the smooth transition of ownership of any given Apartment Unit and for the maintenance of accurate and current records with regard to the ownership interests of the Condominium.

B. The Board of Trustees shall promulgate application procedures with regard to the leasing of units. Once promulgated, such procedures shall be strictly enforced. No lease arrangement shall be for a term of less than ninety (90) days, unless otherwise approved in writing by the Board of Trustees. No more than one rental may be made per year. No sublease by a lessee of a unit shall be permitted.

C. The foregoing provisions of this Section 1 shall in no way be construed as affecting the rights of a permitted mortgagee as defined in Section 6 and the Association's rights

hereinabove set forth shall remain subordinate to any such mortgage, and the provisions hereof shall not be applicable to purchasers at foreclosure or other judicial sales of permitted mortgages or to transfers to permitted mortgagees or said mortgagees' designees. After the time a permitted mortgagee has sold such Unit, but not during the time said permitted mortgagee holds title to the Unit pursuant to a foreclosure or a deed in lieu of foreclosure, then the Association's rights hereinabove set forth shall be applicable to the new Unit Owner.

D. The provisions set forth above in this Section 1 shall not be applicable to the Sponsor nor the construction lender and the Sponsor (or the construction lender if applicable by virtue of said construction lender having taken over the Condominium Property after default by Sponsor) is irrevocably authorized, permitted and empowered to sell or lease Units to any purchaser or lessee approved by it. The Sponsor (or the construction lender if applicable by virtue of said construction lender having taken over the Condominium Property after default by Sponsor) shall have the right to transact any business on the Condominium Property necessary to effectuate the selling or leasing of Units including, but not limited to, the right to maintain models, have signs identifying the Condominium Property and advertise the sale of Units, maintain employees in the offices, use the Common Elements and show Units for sale or lease.

E. A Unit Owner may make a gift of, devise or otherwise transfer his Unit, provided that the person acquiring the Unit by such gift or devise (or in any other manner except sale or lease) shall so notify the Association and obtain its approval in accordance with the procedures set forth in subparagraph A above.

F. In the event of any transfer of a Unit to a corporation or partnership, the approval of such ownership may be conditioned by requiring that all present or future occupants thereof shall first provide notice to the Association.

G. The foregoing provisions have been established in order to maintain a community of congenial residents in the Building and to assure the ability and responsibility of each Unit Owner to pay those obligations required to be paid by the said Unit Owner. Under no circumstances may the provisions hereof be used to foster discrimination or to deny the purchase or lease of any Unit on account of a person's race, religion, creed, sex or place of national origin or marital status.

Section 2. Foreclosure. In the event of foreclosure proceedings against a Unit Owner, the Association shall have the right to satisfy the lien on behalf of the defaulting Unit Owner or Unit Owners, for the amount due thereon in return for an assignment of said lien, or to purchase such Apartment Unit at the foreclosure sale. In the event that the Association has so acted on behalf of all Unit Owners, it shall have the right to assess all Unit Owners for the costs thereof, in proportion to their interests in the Common Elements.

Section 3. Apartment Units Acquired or Leased by the Association. All Apartment Units acquired or leased by or on behalf of the Association shall be held by the Association on behalf of all Unit Owners in proportion to their respective interests in the Common Elements; provided, however, that the votes appurtenant to the Apartment Units so acquired shall not

be voted by the Board of Trustees or their designee for the election of trustees. Each Unit Owner may be required to execute a power of attorney on behalf of the Board of Trustees and their successors for the purposes of carrying out the intention of the foregoing.

Section 4. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Apartment Unit unless and until he shall have paid in full to the Association all unpaid Common Expenses theretofore assessed by the Association against his Apartment Unit, as well as any special assessment for damage or otherwise and any deficiency in the escrow account and until he shall have satisfied all unpaid liens against such Apartment Unit. The transferee of an Apartment Unit shall be liable for payment of any such charges to the Association, without prejudice to the right of the transferee to have recourse against the transferor for the amount so paid by him. In the event either a holder of a first mortgage of record or a purchaser at a foreclosure sale obtains title to said mortgaged Apartment Unit, such acquirer of title and his or its successors or assigns shall not be liable and the Unit shall not be subject to any lien for Common Expenses assessed prior to the acquisition of title by such mortgagee or purchaser at a foreclosure sale. In the event of a foreclosure of a first mortgage, in the event the proceeds of the foreclosure sale shall not be sufficient for the payment of such unpaid Common Expenses, the unpaid balance shall be charged to all Unit Owners as a Common expense, including such acquirer of title and his or its successors or assigns.

Section 5. Waiver of Right of Partition with Respect to Apartment Units Acquired by the Association. In the event that an Apartment Unit shall be acquired by the Association or its designee on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Apartment Unit.

Section 6. Mortgage of Apartment Unit. Each Unit Owner is entitled to mortgage his Apartment Unit, provided that any such mortgage is made to a bank, trust company, insurance company, real estate investment trust, savings and loan association, pension fund or other institutional lender or a purchase money mortgage made to the Sponsor (or seller) of an Apartment Unit. All mortgages made in accordance with the preceding sentence are referred to herein and in the Master Deed as permitted mortgages and the holders thereof as permitted mortgagees. A permitted mortgagee of an Apartment Unit, upon request, may be entitled to written notification from the Board of Trustees of any default by the mortgagor of such Apartment Unit in the performance of such mortgagor's obligations under the Master Deed, these By-Laws or the rules and regulations adopted pursuant thereto which default is not cured within thirty (30) days.

ARTICLE VIII

RIGHTS OF CONSTRUCTION MORTGAGEE

Section 1. Notwithstanding any provisions contained herein to the contrary, so long as any construction mortgagee of Sponsor shall be the holder of a mortgage on any part of the Condominium property, it shall have the following rights, which it may exercise or refrain from exercising in its sole discretion, and obligations:

(a) If the construction mortgagee is in possession, on behalf of the Association, to bill and collect from all Unit Owners, irrespective of whether or not the construction mortgagee is the holder of a mortgage covering their respective Apartment Units, each monthly installment of Common Expenses as provided for in Section 4 of Article VI hereof.

(b) If in the good faith judgment of the construction mortgagee the Condominium Property is not being adequately maintained in a manner reasonably satisfactory to the construction mortgagee, or if in the good faith judgment of the construction mortgagee the security of its mortgage loan(s) is being jeopardized or impaired, to give the Board of Trustees written notice of such determination specifying in as detailed a manner as possible the reasons or causes therefor. The Board of Trustees shall thereafter have a period of sixty (60) days from receipt of such notice in which to cure the unsatisfactory condition(s) specified in said notice. In the event such condition(s) have not been cured within said sixty day period, or any extension thereof which may be granted by the construction mortgagee, the construction mortgagee shall have the right to select any professional real estate management firm which is experienced in the management of condominium apartment projects to provide for the management, maintenance and repair of the Condominium Property; provided that such new managing agent shall be acceptable to the Board of Trustees (such acceptance not to be unreasonably withheld or delayed) and further provided that such new managing agent shall be required to perform substantially the same management services as was required of the former managing agent at rates which shall not be greater than those which were charged to the Board of Trustees. If the new managing agent selected by the construction mortgagee shall not be acceptable to the Board of Trustees, then in such event, the Board of Trustees may designate another Managing Agent. If the managing agent so designated by the Board is not acceptable to the construction mortgagee (such acceptance not to be unreasonably withheld or delayed) and if within thirty days thereafter the Board of Trustees and the construction mortgagee cannot agree on a mutually satisfactory Managing Agent, the matter shall be submitted to arbitration by the American Arbitration Association to be determined and settled in accordance with the rules and regulations then in effect. All charges incurred by the construction mortgagee in connection with any such arbitration proceeding shall be borne by the Association and shall constitute a Common Expense.

(c) In the event the Association shall receive insurance proceeds for any one claim in excess of \$10,000.00, such proceeds shall be payable to an Insurance Trustee approved by the construction mortgagee under an insurance trust agreement, the provisions of which are acceptable to the construction mortgagee, to be applied in restoration of the Condominium Property on terms and conditions approved by the construction mortgagee.

Section 2. If any construction mortgagee or its successors and assigns, should acquire title to the condominium property by virtue of foreclosure of the construction mortgage or by virtue of taking a deed in lieu of foreclosure of the construction mortgage, neither the Association, nor its Board

of Trustees, nor any unit owners who have taken title to units, shall take any action which will infringe upon or interfere with the right of the construction mortgagee to finish the construction of any of the units. In such event the Association, its Board of Trustees and all such unit owners will cooperate fully with the construction mortgagee, if reasonably required, in allowing access to all parts of the property necessary to finish the uncompleted units, and, in finishing the project, the construction mortgagee shall not be required to obtain the approval of the Association, its Board of Trustees, or any unit owners in regard to the completion of the project and will be deemed in all respects to stand in the position of the Sponsor.

ARTICLE IX

RECORDS

Section 1. Records and Audit. The Board of Trustees shall keep detailed records of its actions, minutes of the meetings of the Board of Trustees, 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 Apartment Unit which, among other things, shall contain the amount of each assessment of Common Expenses against such Apartment Units, the date when due, the amounts paid thereon, the balance remaining unpaid and the amount of any interest in common surplus. An annual report of the receipts and expenditures of the Association by an independent certified public accountant shall be rendered by the Board of Trustees to all Unit Owners and to all mortgagees of Apartment Units who have requested the same, promptly after the end of each fiscal year. The cost of such report shall constitute a Common Expense. The accounting records of the Association shall be maintained in accordance with generally accepted accounting principles and shall be open to inspection at reasonable times to all Unit Owners and holders of permitted mortgages.

ARTICLE X

DISSOLUTION

Section 1. Procedure. The provisions of the then applicable laws of the State of New Jersey, including the provisions of the Condominium Act, shall be followed should it be deemed advisable that the Association be dissolved, subject to the rights of any mortgagee or lienor with respect thereto.

Section 2. Ownership Upon Dissolution. In the event of dissolution, the Condominium 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. Each Unit Owner may be required to execute such deed and any other document or instrument which may be reasonably required to effect the sale of the Condominium Property by the Association following a decision to dissolve the Association.

ARTICLE XI

COMPLIANCE WITH BY-LAWS AND MASTER DEED

Section 1. Penalties. These 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 costs as may be permitted by the Court. Nothing herein shall be deemed to preclude any Unit Owner from bringing action for relief against another Unit Owner or Unit Owners or the Association for a violation which affects such aggrieved Unit Owner's occupancy or other rights.

ARTICLE XII

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 Trustees may hereafter designate from time to time in writing to all Unit Owners and, when required by the Master Deed, these By-Laws or the Condominium Act, to all holders of recorded mortgages of Apartment Units. All notices to any Unit Owner shall be sent by registered or certified mail to the address designated for his Apartment 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 holders of recorded mortgages on Apartment 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 nor affect in any manner the validity, enforceability or effect of the remainder of these By-Laws.

Section 3. Captions. The captions herein and the table of contents are inserted only as a matter of convenience of reference and in no way define, limit or describe the scope of the By-Laws or the intent of any provisions hereof.

Section 4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine or neuter gender, as the circumstances may require, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Waiver. The failure of the Board of Trustees or Managing Agent to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of the Master Deed, these By-Laws, or the rules and regulations, or to exercise any right or option herein or therein contained or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant,

condition, restriction, option or right, but such term, covenant, restriction, option or right shall remain in full force and effect. The receipt by the Board of Trustees or Managing Agent of any payment of assessments from any Unit Owner, with knowledge of the breach of any covenant hereof or thereof, shall not be deemed a waiver of such breach.

ARTICLE XIII

AMENDMENT TO BY-LAWS

Section 1. Amendments to By-Laws. Except as hereinafter otherwise provided, these By-Laws may be modified or amended by the affirmative vote of at least 75% of all ownership interests (whether or not present) at a meeting of Unit Owners duly held for the purpose; provided, however, if the Condominium Act or the Master Deed shall require the consent or agreement of all Unit Owners or of all lien holders for any action specified in the Act or in the Master Deed, then any amendment or amendments with respect to such action shall require unanimous consent or agreement as may be provided in the Condominium Act or in the Master Deed but after the Unit Owners have taken over control of the Condominium, the affirmative vote of the Sponsor shall not be required for any such action, provided that, from and after the time when the Unit Owners take control of the Condominium, they will take no action detrimental to the Sponsor's ability to market the units then owned by the Sponsor at a commercially reasonable price; and further provided that if such amendment would, in the opinion of the Board of Trustees, have an adverse effect upon the holder of any permitted mortgages, such amendment shall not be made without the written approval of the holders of all permitted mortgages so affected, which approval shall not be unreasonably withheld or delayed. Additionally, if any amendment is necessary in the judgment of the Sponsor or Board of Trustees to cure any ambiguity or to correct or supplement any provision of these By-Laws which is defective or inconsistent with any other provision hereof or thereof or with the Condominium Act or with the Master Deed, or to change, correct or supplement anything appearing or failing to appear in these By-Laws which is incorrect, defective or similarly inconsistent, the Sponsor or the Board of Trustees may, at any time and from time to time effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Condominium Property, upon receipt by the Sponsor or the Board of Trustees of an opinion from independent counsel to the effect that the proposed amendment is permitted by the terms of this sentence, together with a like opinion from an independent registered architect or licensed professional engineer in the case of any such amendment to the Survey. Each such amendment shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, execution and acknowledgment by one or more officers of the Sponsor or the Board of Trustees. All amendments to this Master Deed shall be recorded and shall not become effective until recorded in the same office in which the Master Deed was recorded. Notwithstanding anything hereinabove to the contrary contained, no amendments permissible under this Section shall be operative which serve to adversely affect the interests of a Unit Owner in any material way.

Section 2. Power of Attorney to Amend. If an amendment is required by one of the following entities: (a) an institutional lender which has provided mortgage loans to Unit

Owners; (b) the title insurance company chosen by the Sponsor to provide title insurance policies to Unit Owners; or (c) a governmental or quasi-governmental body or agency which has regulatory jurisdiction over the Condominium or the Association and the conduct of its affairs, then each Unit Owner expressly agrees that the Sponsor is authorized, on behalf of the Unit Owner, to sign and record any document necessary to make the amendment effective. This authority is called a power of attorney and the Sponsor, in exercising this authority, is referred to as the Unit Owner's attorney-in-fact. This power of attorney given by the Unit Owner will also be binding upon anyone who claims an interest in the Unit by or through the Unit Owner, such as a mortgagee, other lienholders, a purchaser, a tenant or someone with an interest through a will or by operation of law. If an amendment is requested by one of these entities, there will be no necessity for the Unit Owner to sign any other document for the amendment to be effective. However, the Sponsor may not exercise its authority as attorney-in-fact for the Unit Owner without a separate written consent of the Unit Owner if the amendment has any of the following effects:

- (1) substantially changes the floor plan of the Unit;
- (2) changes the percentage interest in the Common Elements associated with the Unit;
- (3) materially increases the financial obligations of the Unit Owner under the Condominium Documents as owner of the Unit; or
- (4) reserves any special privileges for the Sponsor which are not already contained in the Condominium Documents.

The Unit Owner declares and acknowledges that this power of attorney is coupled with an interest in the subject matter. This means that the Sponsor has caused the Condominium Documents to be adopted, recorded and binding on the Owners of all Units for the mutual benefit of the owners of all Units. The Sponsor of the Condominium, the initial seller of all Units and the present owner of Units has an interest in the Condominium and in the amendment of the Condominium Documents under the circumstances described. For this reason, the Power of Attorney may not be revoked by the Unit Owner.

The power of attorney given by the Unit Owner to the Sponsor will be effective for a period of five (5) years from the date the first Unit in the Condominium is conveyed to an individual Buyer or until Sponsor conveys title to the last Unit, whichever occurs first.

ARTICLE XIV

CONFLICTS

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