SUBJECT TO: The conditions, restrictions, covenants and agreements contained in the Master Deed aforesaid including the By-Laws and rules and regulations of Evergreen Court Condominium Association, Inc., and their supplements and amendments.

SUBJECT TO: Easements, restrictions of record, if any, zoning requirements and such state of facts as an accurate survey or inspection of the premises

BY - LAWS

OF

MOUNTAIN SHADOWS AT FRANKLIN LAKES

A CONDOMINIUM ASSOCIATION

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STATE C NEW JERSEY, COUNTY OF BERGEN SS.:

EXHIBIT "E"

BY-LAWS OF

MOUNTAIN SHADOWS AT FRANKLIN LAKES,

A CONDOMINIUM ASSOCIATION

ARTICLE I

SECTION 1. These By-Laws are intended to govern the administration of Mountain Shadows at Franklin Lakes, A Condominium Association, (hereinafter "Association") a non-profit membership corporation organized under Title 15A of the Revised Statutes of New Jersey together with the management, maintenance and administration of the Common Elements of Mountain Shadows at Franklin Lakes, A Condominium (hereinafter "Condominium") which has been established by a Master Deed to which these By-Laws are appended as Exhibit "E." Unless the context clearly indicates otherwise, all definitions set forth in said Master Deed and/or R.S. 46:8B-3 are incorporated herein by reference.

ARTICLE II - MEMBERSHIP

SECTION 1. The owner of every Unit in the Condominium shall be a member of the Association and subject to the provisions of these By-Laws, the Master Deed and any rules and regulations promulgated by the Board; provided, however, only the owners of a Unit shall have the right to vote or to serve or be represented on the Board as elsewhere provided herein and in the Master Deed.

ARTICLE III - BOARD OF DIRECTORS

SECTION 1. NUMBER AND QUALIFICATIONS The affairs of the Association shall be governed by the Board of Directors (hereinafter "Board").

In respect to administration and control of the Association, control shall be surrendered to the owners of the Units in the following manner: There shall be a five member Board of Directors and within sixty (60) days after the conveyance of twenty-five percent (25%)

of the lots, parcels, units or interests, two of the members of the Board of Directors shall be elected by the owners. Within sixty (60) days after the conveyance of seventy-five percent (75%) of the lots, parcels, units or interests, the devloper's control of the Board of Directors shall terminate, at which time the owners shall elect the entire Board of Directors.

Notwithstanding the above, the developer may retain one member of the Board of Directors so long as there are any Units remaining unsold in the regular course of business.

In calculating the above percentages it is presumed that they are calculated on the basis of the entire number of Units entitled to membership in the Association. A developer may surrender control of the Board of Directors of the Association prior to the time as specified, provided the owners agree by a majority vote to assume control.

Upon assumption by the owners of control of the Board of Directors of the Association, the developer shall forthwith deliver to the Association all items and documents pertinent to the Association such as, but not limited to, a copy of the Master Deed, declaration of the covenants and restrictions, documents of creation of the Association, by-laws, minute books, including all minutes, any rules and regulations, an accounting of Association funds, Association funds, all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the Association.

The Association, when controlled by the owners, shall not take any action that would be detrimental to the sale of Units by the developer and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of controls, until the last Unit is sold.

The developer shall not be permitted to cast any votes held by him for the unsold lots, parcels, Units or interests for the purpose of amending the Master Deed, By-Laws or any other documents for the purpose of changing the permitted use of a lot, parcel, Unit or interest, or for the purpose of reducing the Common Elements or facilities.

The Board, after complete surrender of control by the developer, shall be composed of three persons, all of whom shall be owners or spouses of owners of Units and shall be elected by the Unit owners. In case of partnership owners, Directors shall be members or employees of such partnership, or in the case of corporate owners (including the Sponsor, during such time as sponsor shall be the owner of any of the Units), they shall be officers, stockholders or employees of such corporation, or in the case of fiduciary owners, they shall be fiduciaries or officers or employees of such fiduciaries, provided that at least one of the members of the Board shall be a resident of the State of New Jersey.

SECTION 2. GENERAL POWERS The property affairs and the business of the Association shall be managed by the Board, which shall have all those powers granted to it by law and by the Articles of Incorporation of the Association. In addition, it shall have the following powers herein granted or necessarily implied which shall exercise in its sole discretion:

(a) Cause a General and Limited Common Elements of the Condominium to be maintained according to accepted standards, including but not limited to: interior and exterior cleaning, painting and decorating, plumbing, steam cleaning, carpentry and such other normal maintenance and repair work as may be necessary.

(b) Employ, by contract or otherwise, a manager, managing agent or an independent contractor, to oversee, supervise and follow out the responsibilities of the Board. Said manager, managing agent or independent contractor shall be compensated upon such term or terms as the Board deems necessary and proper and the Board may delegate to such manager, managing agent or independent contractor such powers as may be necessary to carry out the functions of the Board. Any such person(s) or entity shall furnish a fidelity bond, in the form and amount satisfactory to the Board, which covers all persons responsible for the handling of money.

(c) Adopt and amend rules and regulations covering the details of the operation and use of Condominium property.

(d) Purchase or lease or otherwise acquire in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit owners, Units offered for sale or lease or surrendered by their owners to the Board.

(e) Purchase of Units at foreclosure or other judicial sales in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit owners.

(f) Sell, lease, mortgage (but not voting the votes appurtenant thereto) or otherwise deal with all types of Units acquired by the Association and subleasing such Units leased by the Association or its designees, on behalf of all Unit owners.

(g) Make repairs, additions and improvements to or alterations and restoration of the property in accordance with 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.

(h) Enforce obligations of the Unit owners, allocate profits and expenses, and to do anything and everything else necessary and proper for the sound management of the Condominium, including the right to bring lawsuits or enforce the rules and regulations promulgated by the Board. The Board shall have the power to levy fines against the Unit owners for violations of reasonable rules and regulations established by it to govern the conduct of the Unit owners. No fine may be levied for more than $10.00 for any one violation; but for each day a violation continues after notice it shall be considered a separate violation, and may not be imposed without at least ten (10) days prior notice to the Unit owner of said violation and the opportunity for said Unit owner to be heard by the Board to the imposition of any fine. Collection of 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 or owners.

(i) Set minimum standards for the floor coverings installed by all Unit owners with the exception of Sponsor.

(j) Employ any person, firm or corporation to repair, maintain and renovate all General and Limited Common Elements, to seed, sod, plant, transplant, prune, fertilize, water, cut, destroy, pull plants up or out, spray substances, put pesticides or other chemical or biological agents in, under or above the water or grounds, grass, trees, streams, waterways, and the right to dam or alter the flow thereof on the Condominium lands; build, erect, repair, maintain and renovate roads, walks or paths; lay pipes, culverts, bury utilities, put up lights or poles, erect signs and traffic controls of various sorts.

(k) Employ professional counsel to obtain advice from persons, firms or corporations such as but not limited to: landscape architects, planners, biologists, lawyers, accountants and engineers.

(l) Contract for water and supply, resell or lease the same; electricity, gas or other forms of utilities, snow plowing or removal; painting, building, repairing, renovating, remodelling.

(m) Investigate, hire, pay, supervise and discharge the personnel necessary to be employed in order to properly maintain and operate the Condominium. Compensation for services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Condominium.

(n) Coordinate the plans of owners and occupants of Condominium Units for moving their personal effects into the Condominium or out of it, with a view towards scheduling such movements so that there shall be a minimum to inconvenience of other owners or occupants.

(o) Maintain businesslike relations with the owners and occupants of Units whose service requests shall be received, considered and recorded in systematic fashion, in order to show the action taken with respect to each. As part of a continuing program, secure full performance by such owners or occupants of all such items and maintenance for which they are responsible.

(p) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Association placed hereon by any federal, state, county or municipal authority having jurisdiction thereover and order of the Board of Fire Underwriters or other similar bodies.

(q) Arrange for maintenance of roads, walkways and parking areas as necessary.

(r) Arrange for security protection as necessary.

(s) Arrange for the removal of refuse from the Building and all Commom Areas.

(t) Place and keep in force all of the insurance coverages hereinafter described in Article VIII hereof.

(u) Borrow and repay monies giving notes, mortgages or other security upon such term or terms as it deems necessary.

(v) Invest and reinvest monies, sue and be sued; collect interest, dividends, capital gains, exercise rights; pay taxes; make and enter into contracts; insure, enter into leases or concessions and to pass good and marketable title without the necessity of a third party seeing to the application of the funds; make and execute any and all proper affidavits for various purposes, including but not limited to title to real estate, compromise any action without leave of court; insure its own liability for claims against it or for damage to the Association, including moral claims; and all other powers contained herein, and those necessary and incidental thereto.

(w) The powers granted to the Board herein to borrow money on a real estate mortgage, pass title to real estate, or purchase real estate shall only be exercised by the Board with the assent of seventy-five percent (75%) of members.

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(x) The powers herein granted or necessarily implied shall be construed to favor the broadest discretion of the Board, except that the Board shall have the duty to exercise all of such powers as required by law and by subparagraphs (o), (p), (q) and (t) of this Section 2 of Article III and shall be governed by the following with respect to its fiscal duties and responsibilities:

(1) Common Receipts The Board shall have the duty to collect as "Common Receipts" assessed against each owner of each Unit, including the Sponsor as to any unsold units from which a benefit is derived, his/her, their heirs, administrators, successors and assigns a pro rata part of the Common Expense of the Condominium as provided in the Master Deed and in accordance with applicable law. The Board shall estimate the cost to each Unit owner in advance on an annual basis and to give notice thereof to individual Unit owners in the manner herein provided and the same shall be a lien against each Condominium Unit.

(2) Notice The Board shall give prompt notice to each Unit owner in writing and to any Unit mortgagee who requires same, of the amount estimated by the Board for Common Expenses for the management of the Association for the ensuing period directed to the member at his last address known to the Board by ordinary mail. The said notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails. In the event that no objection is made by the Unit owners on or before the twentieth (20th) day after the receipt of such notice, the amount assessed shall be deemed to be conclusive and binding. Within thirty (30) days after receipt by the Board of any objection(s), the Board shall afford each Unit owner the opportunity to be heard at a duly convened meeting of the Board with respect to the correctness of such assessment as it applies to such Unit owner. Thereupon the Board shall promptly confirm or modify such assessment, which determination shall be conclusive and binding upon each Unit owner. In no event, however, shall any Unit owner be permitted to object to

the Budget upon which any assessment is based or the total amount of any assessment imposed against all Unit owners, except at a duly convened meeting of the Association. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment, and monthly installments on such assessment shall be due upon each installment payment date until changed by amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, provided, that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency.

(3) Acceleration of Assessment Installments and Other Remedies of Association. If a member shall be in default in the payment of an installment upon an assessment the Board may accelerate the remaining installments of the assessment upon notice to the member, and the then unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than five (5) days after delivery of the notice to the member, or not less than ten (10) days after the mailing of such notice to him by certified or registered mail, which ever shall first occur. If such default shall continue for a period of thirty (30) days, then the Board shall be obligated to (i) accelerate the remaining installments of the assessment, (ii) to file a lien for such accelerated assessment as permitted by the Condominium Act and (iii) to notify any mortgagee of the Unit affected of such notice from the Association in writing. If said default continues for a period of 180 days, then the Board shall have the duty to foreclose the foregoing lien pursuant to law and/or to commence a suit against the apporpriate Unit owner(s) to collect said assessment.

(4) Bank Accounts The depository of the Association shall be such a bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be

deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, providedthat a Management Agreement may include among its provisions authority for the manager to sign checks on behalf of the Association for payment of the obligations of the Association if the proper fidelity bond is furnished to the Association.

(5) Power of Attorney to Mortgagee In the event the Association shall not cause the enforcement procedures provided in subparagraphs (2) and (3) above to be implemented within the time provided, the first mortagee of any Unit as to which there shall be such unpaid assessments is hereby irrevocably designated with power of attorney to commence such actions and to do such things, all in the name of the Association, by virtue of the power of attorney hereby granted. The said power of attorney is expressly stipulated to be coupled with an interest in the subject matter. The Association shall pay to such mortgagee all reasonable expenses which may be incurred by such mortgagee in furtherance of the exercise of the powers herein granted to such mortgagee as above provided.

(6) Interest and Counsel Fees The Board, at its option, shall have the right in connection with the collection of any assessment or other charge, to impose an interest charged at the legal maximum if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said charges by resort to counsel, the Board may add to the aforesaid charge or charges a sum or sums of twenty percent (20%) of the gross amount due as counsel fees, in addition to such costs allowable by law.

(7) Expenditure of Funds The amount of monies for Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, shall be a matter for the sole discretion of the Board, until after the first annual meeting of the members. Thereafter all

DEED

This Deed is made on April 30, 1985.

...TWEEN VALEN-MARAS COMPANY, a New Jersey ...tnership, the partners being Ver Valen, Inc., and D. James Maras, (Ver Valen, Inc., being in-

202.00

assessments imposed by the Board shall be subject to ratification by a majority of those members present and voting at a duly convened meeting of the Association and provided that notice of such meeting includes notice of the subject assessment.

(8) Disbursement The Board shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by law.

(9) Reserves The Board shall not be obligated to expend all revenues collected in any accounting period, but may maintain a reasonable reserve for, among other things, emergencies, contingencies of bad weather or uncollected amounts. Said reserve fund or funds shall, however, be kept in interest-bearing securities either short or long term, or in an insured, interest-bearing savings account. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account for the necessary discharge of its function.

(10) Annual Audit The Board shall submit the books, records and memoranda to an annual audit by a disinterested certified public accountant who shall audit the same and render a report thereon in writing to the Board and in summary form to the members and such other persons, firms or corporations as may be entitled to same.

(11) Accounts The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be Common Expenses:

(a) Current expenses, which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working capital funds, except expenditures chargeable to reserves, to additional improvements or to operations. Initially, however, there shall be established out of funds provided for in advance by each individual Unit owner or Sponsor (for Units retained), a non-refundable, transferable working capital fund of at least two (2) months Common Expenses for each Unit built or to be built in the Condominium. The balance of this current expense fund at the end of each year shall be applied to first repay all advances on account of working capital and thereafter to reduce the assessments for current expenses for the succeeding year, or for the distribution to the membership as the directors shall determine;

(b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually;

(c) Reserve for replacement, which shall include funds for repair or replacement of the General or Limited Common Elements required because of damage, depreciation or obsolescence, which reserve shall be funded by the regular monthly Common Expense payments rather than by extraordinary special assessments;

(d) Capital expenditures, which shall include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the Common Elements;

(e) Operations, which shall include the gross revenues from the use of Common Elements and from other sources. Only the additional direct expense required by any revenue producing operation will be charged to this account, and any surplus from any operation shall be used to reduce the assessments for current expenses for the year during which the surplus is realized, or, at the discretion of the Board, in the year following the year in which the surplus is realized, losses from the operations shall be met by special assessments against members, which assessments may be made in advance in order to provide a working fund;

(f) Anything to the contrary herein notwithstanding, the Board shall have the following additional duties:

(i) To afford (a) prompt written notification to the holder of any institutional first mortgage encumbering any Unit in the Condominium of any default in the Unit owner's obligations under the Master Deed and By-Laws which has not been cured within thirty (30) days of the date of default or of any condemnation proceedings involving any Condominium property, and (b) at least thirty (30) days prior written notification to the holder of any such mortgage which has requested same of any change in the Master Deed or By-Laws or any change in the management of the Condominium.

ii. Unless prior written waiver is obtained from all holders of at least ten (10) or more first mortgage liens encumbering Units within the Condominium, to employ a professional manager for the Condominium, which manager may be the Sponsor and/or a qualified property management consultant engaged solely for the purpose of providing regular advice to the Board.

iii. To afford the holders of all first mortgages encumbering any Unit within the Condominium the right to examine the books and records of the Association during normal business hours or at such other reasonable time as may be deemed by the Board and to submit upon request and within ninety (90) days following the end of any fiscal year of the Association, an annual report of the Association and, within reasonable time, any such other financial data which may be reasonably requested to any such mortgage holders.

iv. To afford at least ten (10) days prior written notification of all regular and special meetings of the Association to the holder of all first mortgages encumbering any Unit in the Condominium who have requested same and to permit such mortgage holder to designate a representative to attend all such meetings.

<u>SECTION 3. ELECTION OF TERM OF OFFICERS</u> At the first annual meeting of the membership, five members of the Board shall be elected by the Unit Owners from among the Unit Owners, or their spouses or other persons qualified pursuant to Section 1 of this Article III. The members of the Board shall hold office for a term of one year or until their respective successors have been elected and qualify. The

Board appointed by the Sponsor shall act until the election has been completed at said first annual meeting. At any vote for membership on the Board, each Unit Owner, including Sponsor, to the extent that the Sponsor is still a Unit Owner, shall vote in accordance with the provisions of Section 8 of Article VI following for each position to be filled. If at any meeting for election of membership to the Board more than twice the number of candidates to be elected at such meeting are nominated, then and in such event there shall be two ballots for such membership. At the end of the first ballot, the field of nominees shall be reduced so that there are no more than twice as many candidates running as there are positions to be filled, with the lowest vote getters being eliminated. A second ballot shall be held and on that second ballot the top vote getters on the basis of the votes will be elected. If there are not more than twice the number of nominees for the number of positions to be filled, then there shall be one ballot, with the top vote getters being elected to membership on the Board. After the first annual meeting of the Unit Owners, succeeding annual meetings shall be held during the same month of each succeeding year. At each annual meeting, members of the Board shall be elected by ballot of the Unit Owners in accordance with these By-Laws.

<u>SECTION 4. REMOVAL OF MEMBERS OF THE BOARD</u> At any duly held regular or special meeting of the Unit Owners, any one or more members of the Board may be removed with or without cause by a majority of such Unit Owners present and voting, and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed by such Unit Owners shall be given an opportunity to be heard at the meeting. This provision shall not apply to Board members appointed by the Sponsor under Article III, Section 3, nor to any of the three original Directors appointed by the Sponsor as set forth in Master Deed.

SECTION 5. VACANCIES Vacancies in the Board caused by any reason shall be filled by a vote of the majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board for the remainder of the term he is filling and until his successors shall be elected. Whenever a vacancy shall occur on the Board and that vacancy is caused by termination by a Unit owner of membership on the Board, that vacancy shall be filled by another Unit owner other than the Sponsor.

SECTION 6. COMPENSATION No member of the Board shall receive any compensation for acting as a Director. However, Directors may be reimbursed for out-of-pocket expenses and may be compensated for services rendered to or for the Condominium in any other capacity.

SECTION 7. MEETING OF THE BOARD The first meeting of the Board following the first annual meeting of the Unit Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by such Unit Owners at their annual meeting and no notice shall be necessary. Thereafter, regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the members of the Board, but at least two meetings shall be held each year. Notice of regular meetings of the Board shall be given to each member of the Board by mail or telegram at least three (3) business days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) business days notice to each member of the Board given by mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) members of the Board. Any member of the Board may, at any time, waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by members of the Board shall constitute a waiver of notice by him of the time and place thereof.

SECTION 8. QUORUM OF THE BOARD At all meetings of the Board, a majority of the members thereof shall constitute a quorum for the transaction of business and the votes of the majority of the members of the Board present and voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice.

SECTION 9. NON-WAIVER All rights, duties and priveledges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the bind the Board.

ARTICLE IV - OFFICERS

SECTION 1. DESIGNATION The principal officers of the Association shall be a President, who shall be a member of the Board, a Vice-President, who shall be a member of the Board, a Secretary and a Treasurer. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in their judgment may be necessary. Any two offices, except that of President and Vice-President may be held by the same person.

SECTION 2. ELECTION OF OFFICERS The officers of the Association shall be elected annually by the Board at the first Board meeting following each annual meeting and such officers shall hold office at the pleasure of the Board.

SECTION 3. REMOVAL OF OFFICERS Upon an affirmative vote of two-thirds majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

SECTION 4. PRESIDENT The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

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 shall appoint some other member to do so on an interim basis. The Vice-President shall also perform such other duties as shall time to time be imposed upon him by the Board.

SECTION 6. SECRETARY The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the members of the Association; he shall have charge of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary. The Secretary need not be a member of the Board, but may be appointed by the Board.

SECTION 7. TREASURER The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the same , and to the credit of the Association in such depositories as may from time to time be authorized by the Board.

SECTION 8. OTHER DUTIES AND POWERS The officers shall have such other duties, powers and responsibilities as shall from time to time be authorized by the Board of Directors.

SECTION 9. FIDELITY BONDS All officers and members of the Association and any other person or entity (including employees of any professional managers) having the responsibility for handling funds of the Association may be bonded by a fidelity bond satisfactory in form and substance to the Board and at the option of the Board. Any such bonding charge shall be a charge to the Association.

SECTION 10. COMPENSATION OF OFFICERS The President and Vice-President shall not receive any compensation for their services, except reimbursement of out-of-pocket expenses but may be compensated for services rendered in any capacity. The Secretary and Treasurer may be compensated for their services if the Board determines that such compensation is appropriate.

SECTION 11. ELIGIBILITY OF DIRECTORS Nothing herein contained shall prohibit a Director from being an officer, but no Director shall be eligible to serve as an auditor for the Association for any fiscal period which wholly or partially coincides with his term of office.

ARTICLE V - FISCAL YEAR

The fiscal year of the Association shall be on a calander year basis.

ARTICLE VI - MEETINGS OF THE UNIT OWNERS

SECTION 1. TIME OF MEETING A special meeting of the Association shall be held on call by the Board no more than (a) sixty (60) days after sixteen (16) Units have been sold, paid for and title closed, or (b) no later than one (1) year after the date of conveyance of the first Unit to an individual purchaser, whichever shall first occur. Said meeting shall be considered to be the first annual meeting of the Association. If the election of Directors shall not be held on the day designated herein for any annual meeting or at any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the members may elect the Directors and transact other business with the same force and effect as at any annual meeting duly called and held.

SECTION 2. PLACE OF MEETING All meetings of the Association shall be held at the principle office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board.

SECTION 3. SPECIAL MEETINGS A special meeting shall be called to implement Article III, Section 1 after the first annual meeting or special meeting, special meetings of members may be called by the President whenever he deems such a meeting advisable, and shall be called by the Secretary when so ordered by the Board of Directors or upon written request of members entitles to at least thirty (30) percent of all the votes entitled to be cast at such a meeting. Such request shall state the purpose or purposes of such meeting and the matter proposed to be acted on thereat. The Secretary shall give notice stating the purpose or purposes of the meeting to all members entitled to vote at such a meeting. No special meeting need be called upon the request of members entitled to cast less than fifty (50) percent of all votes entitled to be cast at such meeting to consider any matter which is substantially the same as a matter voted upon at any meeting of the members held during the preceding twelve (12) months.

SECTION 4. NOTICE OF MEETING Except as otherwise provided by law, notice of each meeting of the Association, whether annual or special, shall be given not less than ten (10) days, nor more than sixty (60) days before the day on which the meeting is to be held, to the representative of each Unit Owner at the address of his Unit, by delivering a written or printed notice thereof to him personally, or by mailing such notice, postage prepaid. Except where expressly required by law, no publication of any notice of a meeting of members shall be required. Each such notice shall state the time and place of the meeting and shall briefly state the purpose(s) thereof. Notice of any meeting of the Association shall not be required to be given to any members who shall attend such meeting in person or by proxy. Notice of any adjourned meeting of the members shall not be required to be given, except when expressly required by law. Notice of all meetings relating to disposition of assets or the granting of rights or easements in the Property must also be given to the holders of first mortgages secured on any Units if the Association has received notice of the identity and address of such mortgagee from the Unit Owner whose Unit is subject to such mortgage or from the mortgagee.

SECTION 5. QUORUM At each meeting of the members, one-third of Unit Owners present, in person or represented by proxy, shall constitute a quorum for the transaction of business except where otherwise provided by law. In the absence of a quorum, such Unit Owners present, in person or represented by proxy, by majority vote, may adjourn the meeting from time to time, until a quorum shall be present or represented. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting originally called.

SECTION 6. ORGANIZATION At each meeting of the Association, the President, or, in his absence, the Vice-President, or in the absence of both of them, a Chairman chosen by a majority vote of the Unit Owners persent, in person or represented by proxy, and entitled to vote thereat, shall act as Chairman, and the Secretary or in his absence, a person whom the Chairman shall appoint, shall act as Secretary of the meeting.

SECTION 7. CONDUCT OF THE MEETING The order of business at the annual meeting of the Association or any special meeting as far as practicable shall be:

(a) Calling of the roll and certifying the proxies.

(b) Proof of notice of meeting or waiver of notice.

(c) Reading and disposal of any unapproved minutes.

(d) Receiving reports of officers.

(e) Receiving reports of committees.

(f) Appointment of Judges of election, if appropriate.

(g) Election of Directors, if appropriate.

(h) Old business.

(i) New Business.

(j) Adjournment.

SECTION 8. VOTING Except as otherwise required by law, or specifically required by the Master Deed:

(a) The Owner(s) of each Unit shall have one vote per Unit, as set forth in the Master Deed.

(b) A quorum being present, a majority of all those voting in person or by proxy shall be sufficient on those matters which are to be voted on by such Unit Owner(s). All proxies shall be in writing, signed by all individual Owners of each such Unit or by his or their duly authorized representatives and delivered to the Secretary of the meeting, but no proxy shall be voted on after eleven (11) months from its date unless said proxy provided for a longer period. The election of Directors shall by by ballot. Unless demanded by a majority of the members present in person or by proxy and voting at such meeting or determined by the Chairman of the meeting to be advisable, the vote on any other question need not be by ballot.

SECTION 9. JUDGES If at any meeting of the members a vote by ballot shall be taken on any question, the Chairman of such meeting shall appoint two judges to act thereat with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of his ability. Such judges shall decide upon the qualifications of voters and shall report the number of votes represented at the meeting and entitled to vote on such question, shall conduct and accept the votes and, when voting is completed, shall ascertain and report the number of votes voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of the meeting. The judges need not be members of the Association, and any officer of the Association may be a judge on any question other than a vote for or against his election to any position with the Association or any other question in which he may be directly interested.

ARTICLE VII - TITLE TO UNITS

Title to Units may be taken in the name of an individual, or in the names of two or more persons as tenants in common or as joint tenants with right of survivorship, or in the name of the corporation or partnership, or in the name of a fiduciary.

ARTICLE VIII - INSURANCE

The Board shall have the power to appoint an insurance trustee for each of the Unit Owners and the Board shall be required to obtain and maintain (to the extent obtainable and without prejudice to the right of each Unit Owner to insure his own Unit for his own benefit) the following insurance coverage:

Amended BK 08528 PG 006 recorded 11/26/2002

(a) Broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within extended coverage, insuring all structural portions of the Condominium, together with all service machinery contained therein and covering the interests of the Association, the Board and all Unit Owners and their mortgagees as their interests may appear, in an equal amount to the full replacement value of the building without deduction for depreciation; each of said policies shall contain a standard mortgagee clause in favor of each mortgagee of a

DEED

This Deed made on May 10, 1985, BETWEEN ROYAL OAK CONSTRUCTION CO., INC..

dwelling Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear.

(b) Workmen's compensation insurance; and

(c) Such other insurance as the Board may determine.

All such policies shall provide that adjustment of loss shall be made by the Board.

All policies of physical damage insurance shall, to the extent obtainable, contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of dwelling Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premium shall be delivered to all mortgagees of dwelling Units at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board shall obtain and be entitled to rely upon a qualified appraisal of the full replacement value of the Building, including all of the Units, Common Areas and facilities therein, without deduction for depreciation, for the purposes of determining the amount of fire insurance to be effected pursuant to this section.

(d) To the extent obtainable, public liability insurance in such limits as the Board may, from time to time, determine covering each member of the Board, the managing agent, the manager and each member. Such public liability coverage shall also cover gross liability claims on one insured against another. The Board shall review such limit once a year. Until the first meeting of the Board of Directors following the first annual meeting of the members, such public liability insurance shall be amounts of not less than $1,000,000/$3,000,000 for claims for bodily injury and $25,000 for claims for property damage and in no event shall coverage be reduced without approval by at least 66 2/3% percent of the Unit Owners.

(e) Automobile collision and liability insurance for all vehicles owned by the Association. Said collision insurance may be written with deductible coverage in amount determined by the Board of Directors and said liability insurance shall be in an amount of not less than that provided under the public liability policy aforesaid.

Members shall not be prohibited from securing other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of such additional insurance carried by any member.

ARTICLE IX - ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY THE ASSOCIATION

Whenever, in the judgment of the Board, General Common Elements shall require additions, alterations or improvements costing in excess of $2500.00 said alterations and improvements shall not be made unless they have been approved by a majority of the Unit Owners present and voting at a meeting called for such purpose at which a quorum is present. When said approval has been obtained, all Unit Owners shall be assessed for the cost thereof as a Common Charge. In the event of any emergency which would cause damage to any Building or part(s) thereof, the Board may expend sums in excess of $2,500.00 to protect said Building or part(s) and the judgment of the Board shall be final.

ARTICLE X - COMMON EXPENSES PAID BY SPONSOR

Until the conveyance of title to the first Unit in the Condominium, the Sponsor shall solely be responsible for Common Expenses. Following the first conveyance, the Unit Owners in whom title shall have been vested shall be responsible for the then proportionate share of Common Expenses and until the expiration of six (6) months after the conveyance of the forty-second (42nd) Unit to an individual purchaser, the Sponsor shall pay any deficit in the

Common Expenses based upon the budget currently in effect which has been approved in writing by the Sponsor. Thereafter, or in lieu of payment of such deficit, the Sponsor shall pay only the Common Expenses levied against each unsold Unit to which it holds title and for which a Certificate of Occupancy has been issued by all governmental agencies having jurisdiction. While the Sponsor maintains a majority of the Board of Directors, it shall make no additons, alterations, improvements or purchases which would necessitate a special assessment or a special increasein monthly assessment unless required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency.

ARTICLE XI - ELECTRICITY, WATER AND HEATING

The utility charges for electricity for the Commom Elements which include: the swimming pool, tennis courts, clubhouse, waste treatment facility, the hallways, if any, and exterior lights; heating for the hallways,if any; water for shrubs and grass; and trash removal shall be paid by the Board as Common Expenses.

ARTICLE XII - MISCELLANEOUS

SECTION 1. EXAMINATION OF THE BOOKS Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Board at a reasonable time on business days.

SECTION 2. FINANCING PURCHASE OF UNITS BY THE BOARD Aquisition of Units by the Board on behalf of all Unit Owners may be made from the working capital in the hands of the Board, or if such funds are insufficient, the Board may levy an assessment against each Unit Owner in proportion to his ownership in the Common Elements as a Common Charge, which assessment shall be enforceable in the same manner as Common Charges, provided, that if the Association by its Board of Directors purchases by special assent there must be an affirmative vote of more than fifty percent (50%) of Unit Owners, or the Board may in its discretion borrow money to finance the acquisition of such Units, provided, however, that no financing may be secured by an encumberance or hypothecation of any property other than the Unit itself together with any appurtenant interests thereto to be aquired by the Board. Notwithstanding any of the rights of the Board under this paragraph or under any other provision of these By-Laws, the Board and/or the Association cannot at any one time hold title to more than three (3) Units in the Condominium, without the assent of at least fifty percent (50%) of all Unit Owners.

SECTION 3. NOTICES All notices hereunder to the Association shall be sent by registered or certified mail to the Board in care of the President of the Association and/or to the managing agent if there be a managing agent. All notices to any Unit Owner shall be sent registered or certified mail to the address of the Unit, or to such other address as may have been designated by him from time to time in writing to the Board. 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 4. INVALIDITY The invalidity of any part of these By-Laws shall not impair or affect in any manner the enforceability or effect the balance thereof.

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

ARTICLE XIII - AMENDMENTS

These By-Laws, or any of them, may be altered or repealed or new By-Laws may be made, at any meeting of the Association duly constituted for such purpose, a quorum being present by an affirmative vote of fifty-one percent (51%) of the votes entitled to be cast in person or by proxy, except that the first annual meeting may not be advanced and the first Board of Directors (including replacements in case of vacancies) may not be removed by reason of such amendment or repeal.

ARTICLE XIV - ENFORCEMENT

The Association shall have the power, at its sole option, to enforce the terms of this instument or any rule or regulation promulgated pursuant thereto, by any or all of the following: self-help; by sending notice to the offending party to cause certain things to be done or undone; by restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; by taking any other action before any Court; summary or otherwise, as may be provided by law; by complaint to the duly constituting authorities. The foregoing shall be construed to be in addition to any other powers granted herein and by the New Jersey Condominium Act, not in limitation thereof.

ARTICLE XV - EXCULPABILITY OF BOARD OF DIRECTORS AND OFFICERS

Neither the Board as a body nor any member thereof nor any officer of the Association shall be personally liable to any Unit Owner in any respect to any action or lack of action arising out of the execution of his office. Each Unit Owner shall be bound by the good faith actions of the Board and Officers of the Association in the execution of the duties of said Directors and Officers. Except for willful misconduct or bad faith, no Director or Officer of the Association shall be liable to any Unit Owner or other person for misfeasance, malfeasance, negligence, directly or indirectly, or derivative, and shall be held harmless and indemnified by the Association in respect to any claims brought against him from which liability is excluded by this paragraph.

Nothing contained herein to the contrary shall serve to exculpate members of the Board of Directors appointed by the Sponsor from their fiduciary responsiblities.

ARTICLE XVI UNITS SUBJECT TO LIEN FOR NON-PAYMENT OF OBLIGATIONS IN RESPECT TO WASTE TREATMENT PACKAGE PLANT

SECTION 1. The owner of each Unit and the Association shall have a special responsibility in respect to the waste package treatment plant, also known as the sanitary sewer control system, in that any charges for the escrow fund for the operation, maintenance and repairs and the sinking fund for the for renewal and replacement which become the responsiblity of the homeowners' association shall, if not paid, constitute a lien on both the coomon areas and the individual condominium units in accordance with the individual unit's share of the responsibility for common areas, as shall be any costs and expenses including but not limited to engineering costs of the Borough of Franklin Lakes incurred in either activating said funds or in procurring said funds if not voluntarily paid. The obligation of the Unit owners and the Association shall include repayment to the grantor of all sums escrowed by the Grantor in accordance with the Addenda to the Developer's Agreement of November 20, 1984 and shall include the obligation to replace the Grantor as to such escrow at the time that 75% of the condominium units shall be sold.

ARTICLE XVII MISCELLANEOUS FINANCIAL REQUIREMENTS

SECTION 1. While the developer maintains a majority of representation on the executive board, he shall post a fidelity bond or other guarantee acceptable to the Agency, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated revenues.

SECTION 2. While the developer maintains a majority of the executive board, he shall have an annual audit of association funds prepared by an independant accountant, a copy of which shall be delivered to each unit owner within 90 days of the expiration of the fiscal year of the association. The audit shall cover the operating budget and reserve accounts.

SECTION 3. While the developer maintains control of the executive board, he shall take no action which adversely affects a homeowners rights under N.J.S.A. 5:25-5.5. Claims relative to defects in common elements shall be processed in accordance with N.J.A.C. 5:25-5.5.