

BYLAWS
OF
HERITAGE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I:

APPLICABILITY, MEMBERS, MEMBERSHIP AND DEFINITIONS

Section 1. These Bylaws shall be applicable to HERITAGE CONDOMINIUM ASSOCIATION, INC. a non-profit corporation of the State of New Jersey, hereinafter referred to as the "Association", to all of the members thereof, as hereinafter defined, and to each Unit of HERITAGE CONDOMINIUM which is now, or may hereafter be created, hereinafter referred to as the "Condominium".

Section 2. All present and future owners, tenants, guests, licensees, servants, agents, employees and other person or persons that shall be permitted to use the facilities of the Association or of the Condominium, shall be subject to these Bylaws and to the rules and regulations issued by the Association to govern the conduct of its members. Acquisition, rental or occupancy of any of the Units in the Condominium shall be conclusively deemed to mean that the said owner, tenant or occupant has accepted and ratified these Bylaws and the rules and regulations of the Association and will comply with them.

Section 3. Unless it is plainly evident from the context that a different meaning is intended, as used throughout these Bylaws:

- (a) "Member" means the owner or co-owner of a Unit as defined in the Condominium Act of the State of New Jersey and, more specifically, includes an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.
- (b) All terms defined in Section 3 of the Condominium Act of the State of New Jersey are incorporated herein.

Section 4. Membership in the Association shall be limited to the owners or co-owners of Units in the Condominium provided that whenever title to a Unit is vested in two (2) or more persons, such co-owners shall be entitled jointly to only one (1) vote for their particular Unit as designated on the membership card and records of the Association.

In the event that a member shall lease or permit another to occupy his Unit, the tenant or occupant shall be permitted to enjoy the facilities of the Association, but shall not vote in the affairs of the Association unless the member shall permit the tenant or occupant to exercise the proxy vote of such member.

In the event that a member shall mortgage his Unit the lien of the mortgage shall be deemed to attach to the member's rights, privileges and obligations in the Association, and in the event of foreclosure of such mortgage, the rights of the Unit Owner shall attach to the real property and upon any sale by virtue of an order of foreclosure, the member's rights shall run to the benefit of the purchaser.

Every lawful transfer of title to the member's Unit shall include membership in the Association and, upon making such transfer, the previous owner's membership shall terminate.

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

ARTICLE II:

PRINCIPAL OFFICE

Section 1. The principal office of the Association shall be located initially at 151 Sumner Avenue, Kenilworth, New Jersey 07033, but, thereafter, may be located at such other suitable and convenient place or places as shall be permitted by law and designated by the Trustees.

ARTICLE III:

MEETINGS OF MEMBERS: VOTING

Section 1. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and, from time to time, fixed by the Trustees and designated in the notice of such meetings.

Section 2. The first annual meeting of the members of the Association shall be held within twelve months of closing of title to the first unit in the development. Subsequent annual meetings shall be held on the second Monday of October of each succeeding year. At each annual meeting there shall be elected by a ballot of a majority of the members entitled to vote, the Trustees of the Association in accordance with the provisions of these Bylaws. The members may also transact such other business as may properly come before the meeting.

Section 3. The Secretary shall mail notices of annual meetings to each member of the Association, directed to his last-known post office address as shown on the records of the Association, by uncertified mail, postage prepaid. Such notice shall be mailed not less than seven (7) days before the date of such meeting and shall state the date, time and place of the meeting.

Section 4. It shall be the duty of the President to call a special meeting of the members of the Association whenever he is directed to do so by resolution of the Trustees or upon presentation to the Secretary of a request for meeting signed by 20% of the members entitled to vote at such meeting.

Section 5. The Secretary shall mail notice of such meeting to each member of the Association in the manner provided in Section 3 of this Article, except that notices of special meetings shall be mailed not less than ten (10) days before the date fixed for such meeting.

Section 6. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of the members and their last-known post office addresses. Such a list shall also show the number of the Unit owned by each member. This list shall be open to inspection by all members and other persons lawfully entitled to inspect the same, at reasonable hours during business days. The Secretary shall also keep current and retain custody of the minute book of the Association, containing the minutes of all annual and special meetings of the Association and all resolutions of the Trustees.

Section 7. Each member in good standing and entitled to vote, or some person appointed by such member to act as proxy on his or their behalf, shall be entitled to one (1) vote per Unit, provided that where a Unit is owned jointly by two (2) or more persons, only one such owner shall be entitled to cast the vote of that particular Unit, the splitting of a vote being prohibited, it being understood, however, that each Unit is entitled to a total of one (1) vote. The appointment of any proxy shall be made in writing filed with the Secretary of the Association, and shall be revocable at any time by notice in writing to the Secretary.

Section 8. At all elections of Trustees, each member shall be entitled to one (1) vote per Unit for each Trustee to be elected, cumulative voting being prohibited.

Section 9. A member shall be deemed to be in good standing and entitled to vote at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all assessments made or levied against him and his Unit by the Trustees as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him and to his Unit, at least three (3) days prior to the date fixed for such meeting.

Section 10. Except as otherwise provided in these Bylaws, the presence of 25% of the members of the Association shall constitute a quorum at any annual or special meeting of members. If any meeting of members cannot be organized because a quorum has not attended, the members present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called. In the event of any such adjourned meeting, no further notice of the adjourned date need be given to any of the members. Thereafter, business may be transacted at the adjourned meeting by a majority of the members present at such meeting.

Section 11. All decisions of the members involving capital expenditures or any other decisions shall require for passage the affirmative vote of the majority of the members present in good standing and entitled to vote provided a quorum is present.

Section 12. The order of business at all meetings of the members of the Association shall be as follows:

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

ARTICLE IV:

OBLIGATIONS OF MEMBERS

Section 1. Each member shall perform promptly and at his own risk, cost and expense, all maintenance and repair work with respect to the portion of each Unit owned by him which does not comprise a part of the Common Elements and which, if omitted, would adversely affect or jeopardize the safety of the multi-unit building in which his Unit is located or any part or parts thereof belonging in whole or in part to other members and each member shall be liable for any damages, liabilities, costs and expenses, including attorneys' fees, caused by or arising out of his failure to promptly perform any such maintenance and repair work.

Section 2. Each member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the Common Elements damaged solely by his negligence or by the negligence of his tenants, agents, guests or licensees, promptly upon the receipt of the Association's statement therefor. Such damages shall constitute a lien against the Unit in favor of the Association.

Section 3. Each member is bound to contribute pro rata in the percentage of his undivided interest in the Common Elements, which percentage is set forth in the Master Deed and Deed covering said Unit, toward the expenses of administration and of maintenance and repair of the Common Elements, to the expenses of administering and maintaining the Association and all of its real and personal property in such amounts as shall from time to time be fixed by the Trustees, and to any other expenses which may be lawfully agreed upon. No member may exempt himself or be exempted from contributing toward such expenses by waiver of the use or the enjoyment of the Common Elements or facilities of the Association or by abandonment of the Unit owned by him or otherwise. A member shall, by accepting a Deed, be conclusively presumed to have agreed to pay his share of common expenses accruing while he is a Unit owner.

Section 4. Payment by the member of his share of the expenses aforesaid shall be made monthly on the first day of each month in the amount from time to time fixed by the Trustees, to the Treasurer of the Association or such other authorized person or persons.

Section 5. All such charges and expenses chargeable to a member and his Unit shall constitute a lien against the said Unit in favor of the Association for the use and benefit of the members of the Association prior to all other liens except: (1) assessments, liens and charges for taxes past due and unpaid on the Unit, and (a) bona fide mortgage instruments, and duly recorded. Such lien shall be recorded in the Clerk's Office of Warren County, pursuant to Section 21 of the Condominium Act. The said lien may be foreclosed in the manner provided for the foreclosure and sale of real estate mortgages and, in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action including costs and attorneys' fees. Such charges and expenses shall bear interest from the due date set by the Board of Trustees at such rate not exceeding the legal interest rate as may be established by the Trustees or, if no rate is so established, at the legal rate. The right of the Association to foreclose the lien shall be in addition to any other remedy which may be available to it for the collection of the monthly charges and expenses including the right to proceed against any delinquent member for the recovery of a personal judgment against him.

Section 6. In the event a member shall fail to pay any assessment levied against him and his Unit for the maintenance of the Common Elements, for the expenses of administering, maintaining and operating the facilities of the Association, or any other expenses lawfully agreed upon, within thirty (30) days after the same shall become due and payable, the Association shall be entitled to proceed to foreclose the lien referred to in the preceding Sections. The Association shall have the power to bid on the Unit at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

Section 7. Upon the sale, conveyance or other lawful transfer of title to a Unit (except a transfer pursuant to a foreclosure of mortgage), all unpaid assessments against a member for his pro rata share in the expenses of administration, maintenance and repair of the Common Elements and facilities of the Association and other expenses agreed upon, shall first be paid out of the sale price or by the acquirer in preference over any other assessments or charges of whatever nature, except the following:

- (a) Assessments, liens and charges for taxes past due and unpaid on the Unit, and
- (b) Bona fide mortgage instruments, duly recorded.

Section 8. The acquirer of a Unit (except a transfer pursuant to a foreclosure of mortgage or deed in lieu of foreclosure) shall be jointly and severally liable with the Seller for the amounts owing by the latter to the Association up to and through the date of conveyance or transfer, without prejudice to the acquirer's right to recover from the Seller the amount paid by him as such joint debtor, but the acquirer shall be exclusively liable for amounts accruing while he is Unit owner. The Association shall provide for the issuance and issue to every acquirer, Unit owner or mortgagee, upon his request, a statement or certificate of such amounts due by the Seller, which statement or certificate shall issue within ten (10) days after receipt of the request therefor. A person other than a Unit owner may rely upon such statement or certificate and his liability shall be limited to the amounts set forth therein.

Section 9. All Units shall be utilized for residential purposes only and such use shall comply with the terms and conditions as set forth in the Master Deed recorded in the Warren County Clerk's Office and all governmental requirements with respect to such Unit.

Section 10. The Association shall have the irrevocable right, to be exercised by the Trustees or an authorized person, with reasonable notice to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Common Elements therein or accessible therefrom or for making emergency repairs without notice therein necessary to prevent damage to the Common Elements or to another Unit or Units.

Section 11. The Association shall have the right, to be exercised by the Trustees, to purchase Units in the Condominium and otherwise acquire, hold, lease, mortgage and convey the same. Except while under the control of the Developer, it may also lease or license the use of Common Elements in a manner not inconsistent with the rights of Unit owners.

Section 12. No member, except when acting in the capacity of an officer of the Association, shall have any authority to act for or bind the Association.

Section 13. A member shall have no personal liability for any damages caused by the Association or in connection with the use of the Common Elements. A Unit owner shall be liable for injuries or damages resulting from an accident in his own Unit in the same manner and to the same extent as the owner of any other real property.

Section 14. Each member shall comply strictly with these Bylaws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time and with the covenants, conditions and restrictions set forth in the Master Deed and/or in the Deed to his Unit. Failure to comply with any of the same shall be grounds for a civil action to recover sums due for damages or injunctive relief, or both, maintainable by the Association on behalf of the owners or, in a proper case, by an aggrieved Unit owner or by any person who holds a mortgage lien upon a Unit and is aggrieved by any such non-compliance.

ARTICLE V:

BOARD OF TRUSTEES

Section 1. The affairs of the Association shall be governed by a Board of Trustees consisting of five (5) persons, subsequent to those Trustees named in the Certificate of Incorporation of the Association, and persons designated or nominated by the members of the Association. Without limiting the foregoing, any officer or person designated by BILBY DEVELOPERS, INC., a New Jersey corporation, the Grantor, shall be eligible to be a member of the Board of Trustees in order to implement the rights given to the Grantor pursuant to the Master Deed.

Section 2. Each Trustee shall be elected to serve for a term of three (3) years. Trustees shall serve without compensation and shall continue to hold office until their successor is elected.

Section 3. If the office of any Trustee shall become vacant by reason of his death, resignation, disqualification, removal from office or otherwise, the vacancy shall be filled by vote of the majority of the remaining Trustees, even though they may constitute less than a quorum. The person so elected shall serve for the unexpired term in respect to which such vacancy occurred.

Section 4. Trustees may be removed with or without cause by the affirmative vote of two-thirds of the members at any annual or special meeting of members duly called for such purpose. When a member of the Board of Trustees who has been elected by unit owners other than the Grantor is removed or resigns, that vacancy shall be filled by a unit owner other than the Grantor.

Section 5. The first or organizational meeting of each newly elected Board of Trustees shall be held immediately upon adjournment of the meeting of the members at which they were elected and at the same place where the meeting of members was held, provided a quorum is present. If a quorum of the Board is not then present, such first or organizational meeting shall be held as soon thereafter as may be practicable provided notice is given to each Trustee as set forth in Section 6 of this Article or unless waived as provided in Section 8 of this Article.

Section 6. Regular meetings of the Board of Trustees shall be held bi-monthly at such time and place as permitted by law as from time to time may be determined by the Trustees.

Notice of regular meetings of the Board shall be given to each Trustee by United States mail, with postage prepaid, directed to him at his last known post office address as the same appears on the records of the Association, at least five (5) days before the date appointed for such meeting. Such notice shall state the date, time and place of such meeting and, if possible, the purpose thereof.

Section 7. Special meetings of the Board of Trustees may be called by the President of the Association on three (3) days' notice to each Trustee, given in the same manner as provided in Section 6 above. Special meetings of the Board shall be called by the President or Secretary in like manner upon the written request of any two (2) Trustees.

Section 8. Before any meeting of the Board of Trustees, whether regular or special, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall likewise constitute a waiver by him of such notice. If all Trustees are present, no notice of such meeting shall be required and any business may be transacted at such meeting, except as prohibited by law and these Bylaws.

Section 9. At all duly convened meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business, except as otherwise provided in the Bylaws or by law, and the acts of the majority of the Trustees present at such meeting shall be the acts of the Board of Trustees. If at any meeting of the Board of Trustees there shall be less than a quorum present, the Trustee or Trustees present may adjourn the meeting from time to time, and at any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called, may be transacted without further notice to any Trustee.

Section 10. The Board of Trustees shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of the Condominium and may do or cause to be done all such other lawful acts and things as are not by law, by these Bylaws, directed or required to be done or exercised by members of the Association or owners of Units, or by others. In the performance of its duties as the administering body of the Association and of the Condominium, the Board of Trustees shall have powers and duties including, but not limited to, the following:

- A. The operation, maintenance, repair, renewal, replacement, cleaning, sanitation, care, upkeep, protection and surveillance of the buildings in the Condominium, their common elements and the facilities and all other property, real or personal, of the Association.
- B. The assessment and collection of funds for common expenses and reserves and the payment thereof. The total amount of such assessment shall be assessed against all of Units and their respective owners thereof, in the proportionate shares or percentages applicable to the Units owned by them as set forth in the Master Deed and pro rated as necessary to include the owners and Units in all Condominiums which are now or may hereafter be governed by the Association. The proportionate amounts thus found applicable to each Unit shall be payable by the owner thereof to the Association in twelve (12)

monthly installments in advance, on the first day of each month of such fiscal year. On or before the due date of the first monthly installment, the Association shall prepare and deliver or mail to each owner of a unit, a statement showing the amount thereof and the estimated amount assessed against each Unit for the entire fiscal year. The Association shall not be obligated to give notice of any subsequently accruing monthly payments for such fiscal year and the omission of notice of such installments shall not relieve such owner from his obligation to pay such monthly installment promptly when and as they become due and payable. Any owner may pay two (2) or more such monthly installments in advance of the date on which they become due and payable, but the Association shall have the right to apply any sums so prepaid either to such monthly installments or to any special assessments made or levied in such fiscal year against such owner or the Unit owned by him in the manner and percentage as hereinafter provided, without relieving or releasing such owner from his obligation to pay any unpaid amounts or balances due on any such monthly installments or any special assessments or impairing the rights of the Association against such owner or any Unit owned by him.

- C. To adjust or increase the amount of any annual assessments and monthly installments, and to levy and collect, in addition thereto, special assessments in such amounts as the Board may deem proper whenever the Board is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs, or establish reserves or because of emergencies, provided, however, that all such increased or special assessments shall be made or levied against such owners and Units owned by them respectively, in the same proportions or percentages as provided in the Master Deed. While the sponsor maintains a majority of the Board of Directors, it shall make no additions, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.
- D. To use and expend any sums collected from such assessments or levies for the operation, maintenance, renewal, care, upkeep, surveillance and protection of the Common Elements, facilities of the Association and all of its real or personal property, and to make capital expenditure in case of emergency without the consent of the members.
- E. To pay all taxes and assessments levied or assessed against any property of the Association, exclusive of any taxes or assessments levied against any Unit or otherwise properly chargeable to the owner of such unit.
- F. To employ and dismiss such clerks, stenographers, workmen, gardeners, watchmen and other personnel, and to purchase and arrange for such services, machinery, equipment, tools, materials and supplies as in the opinion of the Board of Trustees may from time to time be necessary for the proper operation and maintenance of the Condominiums, and the

facilities of the Association, except the portions thereof required to be maintained by the owner of a Unit. The Board of Trustees may employ a manager for the Association, at such compensation as may be established by the Board, to perform such duties and services as the Board may delegate. However, any management agreement for the development will be terminable by the Association for cause upon sixty (60) days written notice thereof and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.

- G. To have access to and to enter or cause to be entered, any Unit from time to time at reasonable hours and on notice when deemed to be necessary for or in connection with the operation, maintenance, repair, replacement, renewal or protection of any Common Elements, or to prevent damage to the Common Elements or any Unit in emergencies, provided that such entry and work shall be done with as little inconvenience as possible to the owners and occupants of such Units. Each owner shall be deemed to have expressly granted such rights of entry by accepting and recording the Deed to his Unit.
- H. To collect delinquent levies or assessments made by the Association through the Board of Trustees against any Units and their respective owners, together with such costs and expenses incurred in connection therewith, including but not limited to court costs and attorneys' fees, whether by suit or otherwise, to abate nuisances and enforce observances of the rules and regulations relating to the Condominiums, by injunction or such other legal action or means as the Board of Trustees may deem necessary or appropriate.
- I. To enter into contracts, be sued or bring suit and to employ or retain legal counsel, engineers and accountants and such other professional employees, and to fix their compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association.
- J. To cause such operating accounts and escrow or other accounts, if any, to be established and opened as the Board of Trustees may deem appropriate from time to time and as may be consistent with good accounting practices.
- K. To maintain accounting records, in accordance with generally accepted accounting principles, which records shall include:
 - (1) A record of all receipts and expenditures;
 - (2) An account for each Unit setting forth any shares of common expenses or other charges due, the due dates thereof, the present balance due, any interest in common surplus;
 - (3) A record of all maintenance and repairs made to the Common Elements.

Such accounting records shall be open to inspection to Unit owners at reasonable times upon request.

L. To adopt, distribute, amend and enforce compliance with such reasonable rules and regulations relative to the operation, use and occupancy of the Units, Common Elements and facilities of the Association, and to amend the same from time to time as the Board shall deem necessary or appropriate, which rules and regulations, when approved by appropriate resolutions, shall be binding upon the owners and occupants of the Units, their successors in title and assigns, subject, however, to the right of a majority of Unit owners to change any such rules.

M. (1) The Board of Trustees shall keep the buildings and other structural portions of the Condominium property, including in particular the Common Elements and all buildings, fixtures, equipment and personal property owned by the Association, as well as all interior walls contained within the Units, insured for the benefit and protection of the Association, which insurance shall cover the following hazards, casualties and contingencies in an amount at least 80% of current replacement value:

(a) Loss or damage by fire and other casualties covered by a standard extended coverage and broad form fire policy written in New Jersey;

(b) Such other risks as are and shall hereafter customarily be covered with respect to other buildings, fixtures and equipment similar to construction, design, use and location to the buildings and other property hereinbefore mentioned. All such policies shall provide that in the event of loss or damage, the proceeds shall be payable to the Association. The Association shall pay the premiums on such policies as common expenses.

(c) Flood insurance for the benefit of the Association. The Association shall pay the premium on such policy as common expenses.

(2) The Board of Trustees shall also maintain public liability insurance for personal injury and death insuring the Association and its members against liability for any negligent act of commission or omission or accidents attributable to the Association or any of its members and which occurs on or in any of the Common Elements of the Condominiums or the community or facilities of the Association, whether limited or general, and the defense of any action brought by reason of injury or death to person or damage to property occurring within the Common Elements and not arising by reason of any act of negligence of any Unit owner.

(3) The Board shall maintain Workers' Compensation insurance and such other insurance as will

protect the interest of the Association, its employees and members.

- (4) All insurance premiums incurred by the Association by virtue of obtaining the insurance herein referred to shall be paid by the Association as common expenses.
 - (5) The Board shall apply the proceeds of any insurance to restoration of the Common Elements and structural portions if such restoration shall otherwise be required under the Master Deed, these Bylaws or pursuant to the Condominium Act.
 - (6) The Board shall have the right to protect blanket mortgagees, or Unit owners and their mortgagees, as their respective interest may appear, under the aforesaid insurance policies and may permit the assessment and collection from a Unit owner of specific charges for insurance coverage applicable to his Unit, which charge shall be a lien upon said owner's Unit and enforced as a lien as provided in the Bylaws, Master Deed and Condominium Act.
 - (7) Nothing herein contained shall preclude any Unit owner or any other person having an insurable interest from obtaining insurance at his own expense and for his own benefit against any risk, whether or not covered by insurance maintained by the Association, subject, however, to the provisions of the Master Deed and Bylaws.
 - (8) The Board of Trustees and/or individual members of the Board of Trustees shall have the right, in its and their discretion, to procure insurance or surety protecting said Board or members from any personal liability by virtue of their acting in their capacity as a Board or individual members of said Board. The cost of such insurance shall be deemed common expense.
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- N. The Board of Trustees shall comply with the requirements of the Township of Independence regarding the maintenance of the Common Elements. In the event the Association fails to comply with said requirements of the Township of Independence, the Township of Independence shall have the right to perform said maintenance at the cost and expense of the Association, which cost and expense shall be deemed to be common expenses chargeable as a lien of the Association against the individual Unit owners as herein set forth, which lien shall be enforced as an Association lien as herein permitted.
- O. Levy fines against a Unit or owner for violation of any rules or regulations of the Association, which fines shall be liens upon the Unit.
- P. 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 or said independent contractor shall be compensated upon

such terms as the Board deems necessary and proper;
and

- Q. To employ all managerial personnel necessary or enter into a managerial contract for the efficient discharge of the duties of the Board hereunder; and
- R. Maintain businesslike relations with Unit Owners or occupants 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 Unit Owners or occupants of all such items and maintenance for which they are responsible.
- S. To assign parking spaces in an equitable manner.
- T. To arrange for the removal of refuse from all units and common areas.

Section 11. While the Developer maintains the majority representation on the Board of Trustees, he shall post a fidelity bond or other guarantee acceptable to the Agency, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

Section 12. While the Developer maintains the majority of the Board of Trustees, he shall have an annual audit of association funds prepared by an independent accountant, a copy of which shall be delivered to each Unit Owner within ninety (90) days of the expiration of the fiscal year of the Association. The audit shall cover operating budget and reserve accounts.

ARTICLE VI:

RESERVES

Section 1. The Board shall not be obligated to expend all of the revenues in any accounting period, and must maintain reasonable services for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Notwithstanding anything herein to the contrary, the Board in its determination of the Common Expenses and the preparation of a budget shall specifically designate and identify what portion of the Common Expenses to be assessed against the Unit Owners is allocable to reserves for each separate item of repair and improvement and the same shall be kept in interest-bearing savings accounts appropriately earmarked for each category. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of functions.

ARTICLE VII:

DAMAGE TO BUILDINGS: RECONSTRUCTION: SALE: OBSOLESCENCE

Section 1. In the event of fire or other disaster or casualty resulting in damage to or destruction of any improvements on the Condominium property or any part thereof or to the Common Elements of the Condominium in an amount less than two-thirds of the value of the Condominium, the net proceeds of any insurance collected shall be made available for the purpose of repair, reconstruction, restoration or replacement. Where the insurance proceeds are insufficient to cover the cost of repair, reconstruction, restoration or replacement, the new building costs shall be paid by all the owners of Units directly affected

by the damage, in proportion to the value of their respective Units. If any owner shall refuse to make such payments, the Board of Trustees shall levy an assessment in an amount proportionate to the value of the Unit affected by the damage, the proceeds of such assessment being paid to the Association for the purpose of covering the costs of repair, reconstruction or replacement, in excess of the insurance proceeds. In the event any owner shall fail to make payment of such assessment within a reasonable time, the Association shall have the authority to cause such reconstruction, repair or replacement to be accomplished and the amount of such assessment shall constitute a lien against the Unit owner and may be enforced and collected in the manner as all other liens.

Section 2. In the event such insurance proceeds shall be inadequate by a substantial amount to cover the estimated cost of repair, reconstruction, restoration or replacement of an essential improvement or common element or if such damage shall constitute substantially total destruction of the Condominium property or if 75% of the unit owners directly affected by such damage together with all mortgagees holding bona fide first mortgages on the units directly affected shall determine not to repair or restore, the Association shall realize upon the salvage value of that portion of the Condominium property so damaged or destroyed either by sale or such other means as the Trustees shall deem advisable and shall collect any proceeds of any insurance. In the event the owners decide to repair or restore, the payment of the costs thereof shall be in accordance with Section 1 hereof. In the event the election is made to sell, the covenants against partition set forth in the Master Deed shall become null and void and the said owner or owners shall be entitled to convey their interest in the Condominium and may invoke relief in a court of competent jurisdiction to compel a sale and partition against those owners who shall have refused to approve such a sale and partition.

All the sums received from insurance shall be combined with the proceeds of sale of the Condominium. After providing for all necessary costs and expenses, including court costs and reasonable attorneys' fees in the event of any litigation necessary to compel any owner or owners to join in a conveyance of their interest, distribution of the combined funds shall be made to the owner or owners of the units in accordance with their respective undivided interest in the common elements, subject only to the rights of outstanding mortgage holders to obtain priority of payment of such amounts.

Except as provided in this Section, the Common Elements shall remain undivided and shall not be the object of an action for partition.

Section 3. In the event the Board of Trustees shall determine that the existing buildings in the Condominium are obsolete, the Board of Trustees, at a meeting of the owners, may call for a vote by the said owners to determine whether or not the entire Condominium should be sold. In the event of all of the Unit owners, with the consent of all first mortgagees, determining that the Condominium should be sold, the applicable provision of the preceding Section pertaining to the sale of the property, shall become effective.

ARTICLE VIII:

OFFICERS

Section 1. The officers of the Association shall be a President, Secretary and Treasurer. The President shall also be a member of the Board of Directors.

Section 2. The officers of the Association shall be elected annually by the Board of Trustees at their organization of each new Board and shall hold office until their successors are elected or appointed by the Board and qualify, provided that each officer shall hold office at the pleasure of the Board of Trustees and may be removed with or without cause and his successor elected at any meeting of the Board, called for such purpose, upon the affirmative vote of a majority of the members of the Board. The Board of Trustees may, from time to time, appoint such other officers as in their judgment are necessary.

Section 3. The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board of Trustees. He shall have the general powers and duties usually vested in the office of President of an association, including but not limited to the power to appoint committees from among the members as he may deem appropriate to assist in the conduct of the affairs of the Association. He shall execute deeds, contracts and other instruments in the name and on behalf of the Association and under its seal, except when such documents are required or permitted by law to be otherwise executed and except when the signing and execution thereof shall be delegated by the Board of Trustees to another officer or agent of the Association.

Section 4. The Secretary shall attend all meetings of the Board of Trustees and all meetings of the members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose and shall perform like duties for any committees when required. He shall have charge of the minute book and such records and papers as the Board of Trustees shall direct and perform all duties incident to the office of Secretary, including the sending of notices of meetings to members, the Board of Trustees and committees and such other duties as may be prescribed by the Bylaws or by the Board of Trustees, affix the same to any instrument requiring it and attest the same when appropriate.

Section 5. The Treasurer shall have the responsibility for the Association's Funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Trustees. He shall disburse the funds of the Association as may be ordered by the Board of Trustees or the President and shall render to the President and Trustees an account of his transactions as Treasurer and of the financial condition of the Association.

Section 6. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE IX:

ARCHITECTURAL CONTROLS

Section 1. Subsequent to the construction of the Condominium, no exterior addition, change or alteration therein may be made to the multi-unit buildings unless the plans therefor shall have been submitted to and approved in writing as to harmony of exterior design and location in relation to surrounding structures by an Architectural Committee composed of three or more representatives appointed by the Board of Trustees. If the Architectural Committee fails to approve in writing such

alterations within sixty (60) days after the plans have been submitted to it, such failure shall be tantamount to disapproval of the proposed plans.

ARTICLE X:

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. The Association shall indemnify every Trustee and officer, his heirs, executors and assigns against all loss, costs and expenses including counsel fees reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Trustee or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of willful misconduct in the performance of his duties as such Trustee or officer in relation to the matter involved. The foregoing rights shall not be exclusive of all other rights to which such Trustees or officers may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses, provided, however, that nothing in this Article shall be deemed to obligate the Association to indemnify any member or unit owner who is or has been a Trustee or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of this membership in the Association or as a member or Owner of a Unit in the Condominium. Nothing contained herein to the contrary shall serve to exculpate members of the Board of Trustees appointed by the Grantor from their fiduciary responsibilities.

ARTICLE XI:

FISCAL YEAR

Section 1. The fiscal year of the Association shall be determined by the Board of Trustees.

ARTICLE XII:

CORPORATE SEAL

Section 1. The corporate seal of the Association shall consist of two (2) concentric circles, between the circumferences of which shall be inscribed the name HERITAGE CONDOMINIUM ASSOCIATION, INC. and within the circumference of the inner circle, the words "Incorporated, New Jersey" and the year of incorporation.

ARTICLE XIII:

AMENDMENTS TO BYLAWS

Section 1. These Bylaws and the form of administration set forth herein may be amended from time to time by the affirmative vote of the members representing two-thirds of the units of the Condominium. No such modification shall be operative until it is embodied in a recorded instrument which shall be recorded in the Office of the Clerk of Warren County in the same manner as the Master Deed and Bylaws.

ARTICLE XIV:

ELECTION TO BOARD OF TRUSTEES OF
OAKHILL AT INDEPENDENCE HOMEOWNERS ASSOCIATION, INC.

Section 1. At each annual meeting of the members of the Association in which Trustees are elected to the Board, the members shall also elect three (3) members to the Board of Trustees of Oakhill at Independence Homeowners Association, Inc., one of such member to also be a member of the Board of Trustees of this Association. The rules governing the election of members of the Board of Trustees of this Association shall also apply to the election of members of the Board of Trustees of Oakhill at Independence Homeowners Association, Inc.

ARTICLE XV:

DISSOLUTION

Section 1. In the event it shall be deemed advisable and for the benefit of the members of the Association that the Association should be dissolved, the procedures concerning dissolution set forth in Section 15A:12-4 of the Revised Statutes of the State of New Jersey, entitled "New Jersey Nonprofit Corporation Act", shall be followed.

Section 2. In the event of dissolution, the assets of the Association, after the payment of all debts, shall be distributed to the members of the Association in accordance with their percentage of ownership therein.

ARTICLE XVI:

COVENANTS REGARDING USE OF PREMISES

Section 1. No part of the property shall be used for other than single-family residential dwellings and the common recreational purposes appertaining thereto,

Section 2. Unit Owners shall not cause or permit anything to be hung or displayed or placed on the outside walls or doors of a building.

Section 3. No Unit Owner shall contract for or perform any maintenance, repair, replacement, alteration or modification of the Common Elements or any additions thereto. No Owner shall take or cause to be taken any action within his Unit which would jeopardize the soundness or safety of any part of the Condominium property or impair any easements or right appurtenant therefor or affect the Common Elements.

Section 4. No signs shall be permitted on the exterior or interior of any Unit, except one temporary sign of not more than two square feet, advertising the unit for sale, as long as such sign complies with the ordinances of the Township of Independence, and that the such sign be placed in the inside of a window of a unit; and except that the Grantor shall have the right to place "For Sale" or "For Rent" signs on unsold or unoccupied Units.

Section 5. The sidewalks, entrances, passages, courts and patios must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the demised premises.

Section 6. In order to provide an orderly procedure in the case of title transfers and leases, and to assist in the maintenance of current, up to date roster of Unit Owners and

tenants, the Owner of a Unit shall give the Secretary of the Association, timely notice of his intent to list his Unit for sale or lease and, at least thirty (30) days prior to closing of title or commencement of lease term shall forthwith notify such Secretary of the names and home addresses of the purchasers and tenants.

Section 7. No Unit Owner or occupant shall build, plant, or maintain any matter or thing upon, in, over or under the Common Elements without the prior written consent of the Association.

Section 8. Unit Owners shall not have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Building, except as otherwise set forth herein.

Section 9. The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably intended and suited and which are incident to the use and occupancy of the Units.

Section 10. Each Unit Owner shall have the right to mortgage or encumber his Unit.

Section 11. All property taxes, special assessments and other charges imposed by any taxing authority are to be separately assessed against and collected on each Unit as a single parcel, as provided in the New Jersey Condominium Act. In the event that for any year such taxes are not separately taxed to each Unit, but are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his proportionate undivided percentage interest in the Common Elements.

Section 12. Each Unit Owner shall pay for his own telephone and other utilities, if any, which are separately metered or billed to each user by the respective utility company. Utilities which are not separately metered or billed shall be treated as part of the Common Expenses.

Section 13. Each unit owner shall also be subject to all protective covenants, rules and regulations contained in the Declaration of Covenants, Easements and Restrictions and Bylaws of Oakhill at Independence.

ARTICLE XVII:

OBLIGATION OF ASSOCIATION TO INSTITUTIONAL MORTGAGEES

Section 1. Upon request, any institutional holder of a first mortgage on any Unit in the development will be entitled to: (a) inspect the books and records of the development during normal business hours; (b) receive an annual audited financial statement of the development within ninety (90) days following the end of any fiscal year of the development; (c) written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings; and (d) written notice from the Association of any default in the performance by the individual unit borrower of any obligation under the Master Deed or Bylaws which is not cured within sixty (60) days.