

BY-LAWS

of

THE CEDAR CROSSING CONDOMINIUM ASSOCIATION, INC.

ARTICLE 1

1. Nature of By-Laws.

1.01. Purpose. These By-Laws are intended to govern the administration of the **CEDAR CROSSING CONDOMINIUM ASSOCIATION, INC.** (hereinafter, the “Association”), a not-for-profit corporation organized under Title 15A of the New Jersey Statutes, and provide for the management, administration, utilization and maintenance of the Common Elements described in the Master Deed for the Cedar Crossing Condominium.

1.02. Definitions. Unless the context clearly indicates otherwise, all definitions set forth in the Master Deed for the Cedar Crossing Condominium or in N.J.S.A. 46:8B-3 are incorporated herein by reference.

1.03. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Trustees.

1.04. Principal Office. The principal office of the Association is located at 172 Shrewsbury Avenue, Red Bank, New Jersey 07701.

ARTICLE 2

2. Membership and Voting Rights.

2.01. Members. Every person, firm, association, corporation or other legal entity, including the Developer, who is a record owner or co-owner of the fee title to any Unit shall be a Member of the Association; provided, however, that any person, firm, association, corporation, or legal entity who holds such title or interest merely as a security for the performance of an obligation (including but not limited to mortgagees or trustees under deeds of trust) shall not be a Member of the Corporation. The Developer shall have one membership in the Association for each contemplated Unit that has not been conveyed to the individual purchaser not to exceed that number of Units approved by the municipality.

2.02. Member in Good Standing. A Member shall be deemed to be in Good Standing and entitled to vote in person or by proxy at any meeting of the Association or in any ballot by mail, if on the record date fixed for such meeting of the Members or other Association action by the Members, the Member has fully paid all installments due for assessments made or levied against him and his Unit by the Board as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses if any, properly chargeable to him and to his Unit. Any date set forth in these By-Laws for determining Good Standing for voting purposes, as well as any related requirement which may be established by the Board of Trustees, shall be deemed supplemental to, and not in derogation of, the record date provisions of N.J.S.A. 15A:5-7.

2.03. Change of Membership. Change of Membership shall be accomplished by recordation in the Office of the Monmouth County Register of a deed or other instrument establishing a record title to a Unit, and delivery to the Secretary of the Association of a certified

copy of such instrument together with such sums of money as are required for the payment of any membership fee, contribution to capital or escrow deposit. The Membership of the prior Unit Owner shall be thereby terminated.

2.04. Rights of Membership. Every person who is entitled to Membership in the Association, pursuant to the provisions of the Certificate of Incorporation and these By-Laws, and permanently resides in a Unit, shall be privileged to use and enjoy the General Common Elements, subject however to the right of the Association to:

- (a) Promulgate Rules and Regulations governing such use and enjoyment;
- (b) Suspend the use and enjoyment of the General Common Elements as provided in Section 2.05 of this Article 2; and
- (c) Transfer all or part of the General Common Elements, other than any Building in which any Units are contained, as provided in Section 6.01(o) of Article 6 hereof.

2.05. Suspension of Rights. The Membership and voting rights of any Member may be suspended by the Board for any period over thirty (30) days during which any type of assessment, against the Unit to which his Membership is appurtenant remains unpaid; but upon payment of such assessment or installment, and any interest accrued thereon and the amount dues as counsel fees, if any, pursuant to Section 7.09 hereof whether by check or cash, his rights and privileges shall be immediately and automatically restored. Section 2.09 hereof shall govern the restoration of voting rights. Further, if Rules and Regulations governing the use of the Common Elements and the conduct of persons thereon have been adopted and published, as authorized in the By-Laws, the rights and privileges of any person in violation thereof or in violation of any non-monetary covenant of the Master Deed may be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single violation. If the violation

is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Unit Owner is afforded an opportunity for a hearing consistent with the principles of due process of law.

2.06. Transition Expense Fund. Upon the initial acquisition of title to his unit from the Developer, each Unit Owner, other than the Developer, including those who acquire title to their Unit after completion of transition, shall contribute a membership fee in the amount of \$250 to establish a Transition Expense Fund to help underwrite the cost of independent professional consultants necessary to assist the Corporation in the transfer of responsibility to the Association, as discussed in Article 15 of these By-Laws. Upon the completion of transition and the formal release of Developer from all liability with respect to the Common Elements and other improvements, but not for warranty obligations for individual Units, any surplus monies remaining in the Transition Expense Fund shall be promptly transferred by the Treasurer into the Capital Repair and Replacement Account of the Association to be offset against the budgeted expense for such Account and credited against common expense assessments for the same fiscal year when such transfer is made.

2.07 Contribution to Capital. As authorized by N.J.S.A. 46:8B-15e, simultaneously with the acquisition of title to a Unit, each new Owner, excluding the Developer shall pay to the Association, a non-refundable and non-transferable contribution or fee in the amount equal to three (3) months of the current Annual Common Expense Assessment attributable to his Unit, which fee shall be used for working capital and reserves. These funds need not be replenished if they are so utilized by the Developer during the period that the Developer is in control of the Board. Any unpaid capital contribution shall be deemed a lien on the Unit in the same manner as

any unpaid Common Expense attributable to such Unit. This provision shall apply to the initial sale of all Units by the Developer and to the subsequent resale of all Units.

2.08. Escrow Deposit. The Board may also require each Unit Owner to deposit in escrow with the Association an amount not to exceed one-sixth (1/6) of the current estimated Annual Common Expense Assessment for his Unit, which escrow deposit shall be held by the Association and applied in the event of a default by the Unit Owner in the payment of any type of Assessment, fine or other charge levied by the Board against his Unit. To the extent that the escrow deposit or any part thereof is so applied, the Unit Owner shall be responsible to replenish the escrow deposit. Such escrow, if imposed, shall be held by the Association in an interest-bearing account, with interest to accrue to the benefit of the Association, and shall be refundable or assignable upon the sale of the Unit without interest to the extent the deposit is not applied to defaulted Common Expense Assessments.

2.09. Votes. Each Member in Good Standing shall be entitled to such vote for each Unit to which he holds title as is provided in Article 5 of the Master Deed. When more than one person holds title, the vote for each Unit shall be exercised as the co-owner Members among themselves determine. When one or more co-owner Members signs a proxy or consent, or purports to vote for his or her co-owner Members, such vote shall be counted unless one or more of the other co-owner Members is present and objects to such vote; or if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted. If co-owner Members disagree as to the vote, the vote shall be split equally among the co-owner Members.

Initially, the Developer has thirty-six (36) memberships in the Association, representing one membership for each unit or potential Unit to which title has not been conveyed. Upon

conveyance of title to a Unit, each purchaser becomes a member of the Association and shall be entitled to one vote for each unit purchased. The number of votes held by the Developer shall be reduced accordingly. Developer's votes shall be cast by such a person as it may from time to time designate. Votes not held by the Developer shall be cast in person or by proxy, as otherwise provided herein. It is understood that in the event that the number of Units ultimately established in the Condominium is less than thirty-six (36), then the number of votes in the Condominium shall be equal to the number of Units ultimately established.

ARTICLE 3

3. Meetings of Unit Owners.

3.01. Place of Meetings. All meetings of the Unit Owners of the Association shall be held at the Condominium or at such other place convenient to the Members as may be designated by the Board.

3.02. Annual Meetings. All annual meetings of the Unit Owners of the Association shall be held on the day and month of the year to be established by the Board, except that the first such annual meeting shall be held not more than eighteen (18) months following the incorporation of the Association. At each annual meeting subsequent to the final Transition Elections held in accordance with Section 4.03 hereof, the election of Trustees shall take place. If the election of Trustee's shall not be held at the annual meeting or any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the Unit Owners may elect the Trustees and transact other business with the same force and effect as at an annual meeting duly called and held. All proxies validly received for the originally scheduled meeting shall remain in full force

and effect for any such adjourned meeting or special meeting and new proxies may be received for any such subsequent meeting.

3.03. Special Meetings. Special meetings of Unit Owners may be called by the President whenever he deems such a meeting advisable, or shall be called by the Secretary upon the order of the Board or upon the written request of Members representing not less than twenty-five (25%) percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose(s) of such meeting and the matter(s) proposed to be acted upon. Unless Owners representing at least fifty (50%) percent of all votes entitled to be cast request such a meeting, no special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of the Unit Owners held during the preceding twelve (12) months, which determination shall be made in the sole and absolute discretion of the Board.

3.04. Notice of Meeting. Except as otherwise provided by N.J.S.A. 46:8B-12.1b and Section 4.03 herein with respect to transition elections, notice of each meeting of Members, whether annual or special, shall be given to each Unit Owner by delivering or mailing, postage prepaid, at his last known address a written or printed notice thereof to said Unit Owner, not less than ten (10) days, nor more than sixty (60) days before the day on which the meeting is to be held. Every such notice shall state the time, place and purpose(s) of the meeting. Notice of any meeting of Unit Owners shall not be required to have been sent to any Unit Owner who shall attend such meeting in person or by proxy. Notice of any adjourned meeting of the Unit Owners shall not be required to be given unless the time and place to which the meeting is adjourned is not announced at the adjourned meeting. Except where otherwise expressly required by law, no publication of any notice of a meeting of Unit Owners shall be required.

3.05. Quorum and Adjourned Meetings. At each meeting of the Unit Owners, persons holding twenty-five (25%) percent of the authorized votes (including any held by Developer) present in person, by proxy or by mail ballot shall constitute a quorum for the transaction of business at a meeting of the membership except where otherwise provided by law. In the absence of a quorum, a majority of the votes present in person or by proxy 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.

3.06. Organizations. At each meeting of the Association, the President, or in his absence the Vice President, or in the absence of both of them, a person chosen by a majority vote of the Members in Good Standing present in person or represented by proxy, shall act as a chairperson, and the Secretary, or in his absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

3.07. Voting on Questions. Only Unit Owners who hold Membership in Good Standing at least thirty (30) days prior to any meeting at which a vote is to occur shall be entitled to vote on questions. As provided in Article 6 of the Master Deed, each Unit Owner shall be entitled to the weighed vote for each unit to which he holds title with respect to all questions voted upon in the membership. A majority in interest of votes present in person or by proxy at any duly constituted meeting of the membership or by mail ballot shall be sufficient on those questions submitted to a vote of the membership. The vote on any question at a meeting need not be taken by ballot, unless (i) the chairperson of the meeting determines a ballot to be advisable, or (ii) a majority in interest of the votes present at the meeting determine that the vote on the question submitted be taken by ballot.

3.08. Voting in Elections of Trustees. Only Unit Owners who hold Memberships in Good Standing thirty (30) days prior to any meeting at which an election is to occur shall be entitled to vote in elections of Trustees. As provided in Article 6 of the Master Deed, each Unit Owner shall be entitled to one (1) unweighted vote for each Unit to which he holds title with respect to all elections. The election of Trustees shall be conducted by written ballot. If with respect to any election more than twice the number of candidates to be elected are nominated, then there shall be two ballots cast. At the end of the tabulation of the first ballot, the field of nominees shall be reduced so that there are twice as many candidates as there are positions to be filled, with the persons receiving the fewest votes being eliminated from the ensuing ballot. A second vote shall be held and, on the second vote, the persons receiving the plurality of votes will be deemed to be elected in order to fill the vacant positions. If there are not more than twice the number of nominees for the number of positions to be filled, then there shall be one vote, with the persons receiving the highest numbers of votes being elected in order to fill the vacancies on the Board. If ever applicable, candidates polling the highest numbers of votes will be considered elected for the longest period of years. Election of Trustees at all meetings shall be in accordance with this Section 3.08.

3.09. Ballot by Mail. The Board, in lieu of calling a membership meeting, may submit any question, or election other than a Transition Election, to a vote of the membership by ballot by mail. No ballot by mail shall be valid or tabulated unless the signature of the Unit Owner(s) submitting the ballot has been verified on the ballot in accordance with procedures established by the Board. Only members in Good Standing on the record date established by the Board shall be entitled to vote. The Board shall appoint judges to tabulate the ballot whose report shall be included in the minute book. In order to conduct a ballot by mail for a question submitted to a

vote of the membership, the Board shall serve a notice upon all members which shall (i) state with specificity in terms of motion(s) the question(s) upon which the vote is to be taken; (ii) state the dates by which ballots must be received in order to be counted, which date may be extended at the discretion of the Board; (iii) provide an official ballot for the purposes of the vote; and (iv) state the date upon which the action contemplated by the motion(s) shall be effective.

In order to conduct a ballot by mail for an election of Trustees, the Board shall serve a notice upon all Members that shall (i) provide an official ballot for the purposes of the election; and (ii) state the date by which the ballot must be received in order to be counted. No ballot shall be counted if it is not cast by a member in good standing.

3.10. Proxies. Voting by proxy shall be permitted with respect to (i) all elections of Trustees, (ii) all amendments to the Certificate of Incorporation, the Master Deed or these By-Laws, or (iii) any other matter that is to come before a meeting of the Membership of the Association. All proxies shall be in writing, signed by all individual Unit Owners (or in the case of joint owners by any one of them), or by his or their duly authorized representative(s) and delivered to the Secretary of the Association, or such other person as the President may designate, prior to the commencement of the meeting at which ballots are to be cast. Proxies may be revoked at any time prior to the opening of the polls, and no proxy shall be valid after eleven (11) months from its date of execution unless said proxy provides for a longer period, not to exceed three (3) years from the date of the execution. All proxies shall be substantially in the form prescribed by the Board, and if not in such form, shall be deemed invalid which determination shall be made in the sole and absolute discretion of the Board.

3.11. Consent Without a Meeting. Except as otherwise provided in the Certificate of Incorporation or these By-Laws and subject to the provisions of N.J.S.A. 15A:5-6b, any action

required or permitted to be taken at a meeting of Members under the New Jersey Nonprofit Corporation Act, the Master Deed, the Certificate of Incorporation or these By-Laws, other than the election of Trustees, may be taken without a meeting upon the written consent of Members who would have been entitled to cast the minimum number of votes necessary to authorize the action at a meeting at which all Members entitled to vote thereon were present and voting. However, the Association must provide all members with advance notification of the proposed action consented to, including notification that the proposed action may not be consummated prior to the expiration of ten (10) days from the date of said notice.

3.12. Order of Business. The order of business at the annual meeting of the Unit Owners or at any special meetings insofar as practicable shall be:

- (a) Calling of the roll and certifying the proxies.
- (b) Proof of notice of meeting and waiver of notice.
- (c) Reading and disposal of any unapproved minutes.
- (d) Election of trustees, if appropriate.
- (e) Receiving reports of officers.
- (f) Receiving reports of committees.
- (g) Old business.
- (h) New business.
- (i) Adjournment.

ARTICLE 4

4. The Board of Trustees.

4.01. Qualifications. The following criteria shall be qualifications for nomination, appointment or election to a Trusteeship.

(a) Membership in Good Standing: Membership in Good Standing shall be a qualification of any nominee or appointee to a Trusteeship and for continued service on the Board.

(b) Representation: Partnerships, corporations, limited liability companies, fiduciaries or co-owners holding memberships in Good Standing may designate one individual per Unit owned to be eligible for nomination, appointment, or election as Trustees in accordance with the following qualifications:

(i) Partnership designees shall be members, employees or agents of the partnership;

(ii) Corporate designees shall be officers, stockholders, employees or agents of the corporation;

(iii) Limited liability company designees shall be members of the limited liability company;

(iv) Fiduciary designees shall be fiduciaries, officers, or employees of the fiduciary; and

(v) Co-owners holding a membership in Good Standing may designate any one of them but only one of them to be eligible for nomination, appointment, or election as a Trustee; however, in the case of any disagreement, the express consent of a majority in interest of such Co-Owners shall be required.

(c) Disqualification of Trustees. Any Trustee whose membership in the Association is not in Good Standing for sixty (60) consecutive days shall automatically be disqualified as a Trustee upon expiration of said sixty (60) day period and a replacement shall be appointed by the remaining Board members within thirty (30) days thereafter to serve the remainder of the term as contemplated by Section 6.04 hereof. Despite the aforesaid, any Trustee who conveys title to his Unit and no longer holds title to any other Unit is automatically disqualified as a Trustee effective on the date of conveyance.

4.02. Number. The Board shall initially consist of three (3) Trusteeships, designated Trusteeships “A,” “B” and “C,” all of which shall be appointed by the Developer. After the initial conveyance of five (5) Units, the Board shall be expanded to five (5) Trusteeships, designated Trusteeships “A,” “B,” “C,” “D,” and “E.”

4.03. Transition Elections. Within sixty (60) calendar days after the initial conveyance of nine (9) Units (i.e., twenty-five percent (25%) of the total number of residential Units contemplated for the Condominium), the President shall call either the first annual meeting or a special meeting of the membership of the Association for the purpose of holding the first election of Unit Owners to the Board (“Transition Election”). At the meeting, Unit Owners other than the Developer shall be entitled to vote for and elect Trustees “A” and “B” from among such Unit Owners in accordance with the provisions of Article 3 of these By-Laws, and the Developer shall be entitled to appoint Trustees “C”, “D”, and “E”.

Within sixty (60) days after the conveyance of twenty-seven (27) Units (i.e., 75% of the total number of residential Units contemplated for the Condominium), the President shall call a special meeting of the membership of the Association for the purpose of holding a second Transition Election. At this meeting, Unit Owners other than the Developer shall be entitled to

vote for and elect Trustees “C” and “D” from among such Unit Owners in accordance with the provisions of Article 3 of these By-Laws, and the Developer shall be entitled to appoint Trustee “E” so long as the Developer holds at least one (1) residential Unit for sale in the normal course of business. However, the Developer shall be entitled in its discretion to relinquish Trusteeship “E” at any time from the second Transition Election up to the conveyance of the last residential Unit.

Further, only Unit Owners who are Members in Good Standing shall be eligible to be nominated, elected, or to serve on the Board, except that in the case of any Unit Owner that is a partnership, corporation or limited liability company, including Developer, a designee shall be eligible if the Unit Owner is a Member in Good Standing.

Notice of all special meetings called pursuant to this Section for the purpose of holding the Transition Elections shall be given not less than twenty (20) nor more than thirty (30) days prior to the date of the meeting.

4.04. Term of Office. Developer-appointed Trustees “A” and “B” shall serve until their successors have been qualified and elected at the First Transition Election. Trustees “A” and “B” elected at the first Transition Election shall serve terms expiring at the annual meeting of the membership held in the second calendar year following the year in which the first Transition Election is held. Thereafter, Trustees “A” and “B” shall serve for two (2) year terms.

Developer-appointed Trustees “C” and “D” shall serve until their successors have been qualified and elected at the second Transition Election held pursuant to Section 4.03 herein. If (i) the first and second Transition Elections are held in the same calendar year, or (ii) the second Transition Election is held in a calendar year in which the terms of the Unit-Owner elected Trustees “A” and “B” expire, then Trustees “C” and “D” elected at the second Transition

Election shall serve terms expiring at the annual meeting of the membership held in the third calendar year following the year in which the second Transition Election is held; otherwise Trustees “C” and “D” elected at the second Transition meeting shall serve terms expiring at the annual meeting of the membership held in the second calendar year following the year in which the second Transition Election is held. Thereafter, Trustees “C” and “D” shall serve for two (2) year terms.

Developer-appointed Trustee “E” shall serve until his successor has been elected and qualified at the second or third Transition Election. The first Unit-Owner elected Trustee “E” shall serve a term expiring upon the expiration of the terms of the Trustees “C” and “D” who are then in office. Thereafter, Trustee “E” shall serve for a two (2) year term.

It is the purpose and intent hereof that subsequent to all Transition Elections, the election of Trustees “A” and “B” shall be held in alternate years to the election of Trustees “C,” “D” and “E.”

4.05. Removal of Members of the Board. At any duly held and constituted regular or special meeting of the Unit Owners, any one or more Trustees may be removed with or without cause by vote of a majority of the Unit Owners present, provided that the notice of the meeting expressly includes the proposed removal. A successor may then and there be elected by a majority of the remaining Trustees to fill the vacancy thus created. Each person so appointed shall be a Trustee for the remainder of the term of the Trustee whose term he is filling and until his successor is duly elected and qualified. Any Trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting but the failure of any Trustee to be a Member in Good Standing for a period of thirty (30) days or more shall be grounds for automatic removal without any vote of the members.

Despite the foregoing, a Unit Owner-elected Trustee cannot be removed except by a majority vote (in number) of the Unit Owners present other than the Developer. In the event that all of the Unit Owner-elected Trustees are removed, successors shall be elected by the Unit Owners other than the Developer in the manner set forth in Article 4, Section 4.03 herein to fill the vacancies thus created.

The provisions of this Section 4.05 shall not apply to any Trustee appointed by the Developer.

4.06. Vacancies. Vacancies on the Board caused by any reason other than the removal of a Trustee by a vote of the Unit owners shall be filled by a vote of a majority of the remaining Trustees, including the Developer's appointees, at a special meeting of the Board held for that purpose within thirty (30) days after the occurrence of any such vacancy, except that if the remainder of the vacant term is less than ninety (90) days, such election is at the sole discretion of the Board and need not be held. Each person so designated or elected shall be a Trustee for the remainder of the term of the Trustee whose term he is filling and until his successor shall have been duly elected and qualified. Despite the foregoing, until the first Transition Election, the Developer shall have the right to fill all vacancies on the Board by appointment. Unit Owner-elected vacancies on the Board shall only be filled by Unit Owners other than the Developer, whether same be elected pursuant to the provisions herein, or of Section 4.05.

ARTICLE 5

5. Transaction of Business by the Board of Trustees.

5.01. Developer's Protective Provisions. (a) After control of the Board is vested in Trustees elected by Members other than the Developer, and so long as the Developer owns at

least one (1) Unit and holds same for sale in the ordinary course of business, the following shall apply and shall not be amended without the written consent of the Developer:

(1) Neither the Association nor its Board of Trustees shall take any action that will impair or adversely affect the rights of the Developer or cause the Developer to suffer any financial, legal or other detriment, including, but not limited to, any direct or indirect interference with the sale of Units, or the assessment of the Developer for capital improvements.

(2) The Association and its Board of Trustees shall continue the same level of maintenance, operation and services as provided immediately prior to the assumption of control of the Association and the Board of Trustees by Unit Owners other than the Developer.

(3) In furtherance of the foregoing provisions, the Developer shall have the right to veto any and all actions of the Association or the Board which may have any direct or indirect detrimental impact upon the Developer as may be determined in the sole reasonable discretion of the Developer.

(4) The Developer shall exercise its veto right, in its sole and absolute discretion, within ten (10) days after its receipt of written notice that a resolution or other action is proposed or has been taken by the Association or its Board of Trustees. In such event, the Developer shall notify the Secretary of the Association of its exercise of its veto right and any such proposal or action shall be deemed null and void ab initio and of no further force or effect.

(b) The aforementioned protective provisions shall be construed in accordance with and not in derogation of N.J.S.A. 46:8B-12.1 of the New Jersey Condominium Act and N.J.A.C.

5:26-8.4 of the regulations promulgated pursuant to the New Jersey Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-21 et seq. and shall not be amended without the express written consent of the Developer.

5.02. Meeting of the Board; Notice to Trustees; Waiver of Notice. The first annual meeting of the Board shall be held within ten (10) days after the first annual meeting of the Unit Owners and at such time and place as shall be fixed by a majority of the Board and notice to the Board shall not 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 Board, but at least two meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Trustee by telephone, mail, or telegram at least three (3) days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) days notice to each Trustee given by telephone, 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) Trustees. Any Trustee 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 Trustees at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.03. Quorum and Adjourned Meetings. At all meetings of the Board, a majority of the Trustees shall constitute a quorum for the transaction of business and the votes of a majority of the Trustees 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 shall 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. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board on any matter.

5.04. Joinder in Meetings by Approval of Minutes. The transaction of any business at any meeting of the Board, however called and noticed or wherever held, shall be valid as if transacted at a meeting duly held after regular call and notice, if (i) a quorum is present; and if (ii) either before or after the meeting, each Trustee signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof or of the resolution or act adopted at such meeting. All such waivers, consents or approvals, shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

5.05. Non-Waiver. All the rights, duties and privileges 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 Board.

5.06. Consent in Lieu of Meeting and Vote. Despite anything to the contrary in these By-Laws, the Certificate of Incorporation or the Master Deed and subject to N.J.S.A. 46:8B-13a, and section 5.07 hereof, the entire Board of Trustees shall have the power to take action on any matter on which it is authorized to act, without the necessity of a formal meeting and vote, if the entire Board, or all the Trustees empowered to act, whichever the case may be, shall consent in writing to such action.

5.07. Meetings Open to Unit Owners; Notice. All Board Meetings, except conferences or working sessions at which no binding votes are to be taken, shall be open to attendance by all Unit Owners, subject to those exceptions set forth in N.J.S.A. 46:8B-13a and N.J.A.C. 5:20-1.1, as now or hereafter amended. The Board may exclude or restrict attendance at those meetings, or portions of meetings, at which any of the following matters are to be discussed: 1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; 2) any pending or anticipated litigation or contract negotiations; 3) any matter falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer; or 4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association. Adequate written notice of the time, place and the agenda, to the extent known, of all such open meetings shall be given by the Board to all Unit Owners at least forty-eight (48) hours in advance of such meeting in the manner required by N.J.A.C. 5:20-1.2(b). Moreover, the Board shall also within seven (7) days following the Annual Meeting of the Association post, mail to newspapers, and file with the administrator of the business office of the Association a schedule of the regular Board Meetings to be held in the succeeding year, as prescribed by N.J.A.C. 5:20-1.2(c) and make appropriate revisions thereto, all as required by N.J.A.C. 5:20-1.2(c)1.

ARTICLE 6

6. Powers and Duties of the Board of Trustees.

6.01. General Powers and Privileges. Subject to the Master Deed or other instruments of creation, the Association may do all it is legally entitled to do under the laws applicable to its

form of organization. The Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the community. The Association shall provide a fair and efficient procedure for the resolution of disputes between individual Unit Owners and the Association, and between different Unit Owners, that shall be readily available as an alternative to litigation.

The property, affairs and business of the Association shall be managed by the Board of Trustees, which shall have all those powers granted to it by the Condominium Documents and the law.

The Board shall have those powers, which include, but which are not necessarily limited to the following, together with such other powers as may be provided herein or in the Master Deed, or which may be necessarily implied:

(a) To employ, by contract or otherwise, a manager, managing agent or an independent contractor to oversee, supervise and carry 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

(b) To employ any person, firm or corporation to repair, maintain or renovate the Common Elements of the Condominium; to lay pipes or culverts; to bury utilities; to put up lights or poles; to erect signs and traffic and safety controls of various sorts on said Property; and

(c) To employ professional counsel and to obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants; and

(d) To contract for water and sewer, electricity and gas or other forms of utilities, cable or master antenna television; and

(e) To employ all managerial personnel necessary, or enter into a managerial contract for the efficient discharge of the duties of the Board hereunder; and

(f) To adopt, amend, and publish Rules and Regulations covering the details of the operations and use of the Common Elements including, but not limited to, pet controls; and

(g) To secure full performance by Unit Owners or occupants of all items of maintenance for which they are responsible; and

(h) To set minimum standards for floor coverings installed by all Unit Owners in Buildings, with the exception of Developer; and

(i) To coordinate the plans of Unit Owners and occupants of Units for moving their personal effects or property into the Unit or out of it, with a view toward scheduling such movements so that there shall be a minimum on inconvenience to others; and

(j) To establish and enforce Rules and Regulations for parking by Unit Owners subject to the provisions of the Master Deed, Certificate of Incorporation and these By-Laws; and

(k) To arrange for security protection as necessary; and

(l) To enforce obligations of the Unit Owners and do anything and everything else necessary and proper for the sound management of the Condominium, including the right to bring, defend or settle lawsuits to enforce the terms, conditions and restrictions contained in the Master Deed, these By-Laws, or any Rules and Regulations; and

(m) To borrow and repay monies, giving notes, mortgages or other security upon such term or terms as it deems necessary; and

(n) To invest and reinvest monies; sue and be sued; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes; compromise any action

without leave of court; and all other powers contained herein, and those necessary and incidental thereto; and

(o) To transfer, grant or obtain easement, licenses, and other property rights with respect to the General Common Elements in a manner not inconsistent with the rights of Unit Owners; and

(p) To purchase otherwise acquire in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit Owners within the Condominium, units offered for sale or surrendered by their Unit Owners to the Board provided that the foregoing shall not be construed to constitute a right of first refusal; and

(q) To purchase Units within the Condominium at foreclosure or other judicial sales in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit Owners; and

(r) To sell, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Units acquired by the Association or its designees, on behalf of all Unit Owners; and

(s) To bring and defend actions by or against more than one Unit Owner which are pertinent to the operation of the Condominium, the health, safety or general welfare of the Unit Owners, or any other legal action to which the Unit Owners may consent in accordance with these By-Laws; and

(t) To appoint an Insurance Trustee, who shall not be a Member of the Association, an employee of the Developer, or the manager, who shall discharge his duties in accordance with these By-Laws. In the absence of such an appointment, the Board shall be responsible for the disposition of all insurance proceeds; and

(u) To create, appoint members to and disband such committees as shall from time to time be deemed appropriate or necessary to aid the Board in the discharge of its duties, functions and powers; and

(v) To impose upon each Unit Owner the requirement of an escrow deposit as set forth in Article 2, Section 2.09 hereof.

6.02. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following:

(a) To cause the General and Limited Common Elements to be maintained according to accepted standards and as set forth in the Master Deed, including, but not limited to such maintenance, painting, replacement and repair work as may be necessary, lawn maintenance and clearing of snow from roadways as the Board may deem appropriate. All repairs and replacements shall be substantially similar to the original application and installation and shall be of first class quality; and

(b) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Elements. Compensation for the services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Association; and

(c) To cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing at least twenty-one (21) days in advance by Members entitled to cast at least twenty-five (25%) percent of the total votes of the Association; and

(d) To allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Elements in accordance with the provisions of these By-Laws and the

Master Deed after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and

(e) To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed thereon by any federal, state, county or municipal authority having jurisdiction there over, and order of the Board of Fire Underwriters or other similar bodies; and

(f) To manage the fiscal affairs of the Association as hereinafter provided in Article 7; and

(g) To place and keep in force all insurance coverage's required to be maintained by the Association, applicable to its property and Members including, but not limited to:

(i) Physical Damage Insurance. To the extent available in the normal commercial marketplace, broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within all risk extended coverage, including vandalism and malicious mischief, insuring all Common Elements, and Unit betterments existing at the time of initial conveyance, together with all service machinery appurtenant thereto, as well as common personalty and supplies belonging to the Association, and covering the interest of the Association, the Board, the Developer, and all Unit Owners and any Mortgage Holder who has requested the Association in writing to be named as loss payee, as their respective interests may appear, in an amount equal to the full replacement value of the Common Elements (exclusive of foundations and footings), and Unit betterments existing at the time of the initial conveyance, without deduction for depreciation. Each policy shall contain a standard mortgagee clause in favor of each requesting Mortgage Holder which shall provide that the loss, if any, thereunder, shall be

payable to each requesting Mortgage Holder, its successors and assigns, as its interest may appear, subject to the loss payment provisions set forth in the Master Deed. The aforesaid mortgage clause shall name as mortgagee either the Federal National Mortgage Association (FNMA) or its servicers in the event FNMA holds mortgages on any Units. When a servicer is named as the mortgagee, its name must be followed by the phrase “its successors and assigns.” When a majority of the Board is elected by the Unit Owners other than the Developer, prior to obtaining any renewal of a policy of fire insurance, the Board shall obtain an appraisal or other written evaluation of an insurance broker licensed to conduct business in New Jersey or other qualified expert as to the full replacement value of the Common Elements (exclusive of foundations and footings) and Unit betterments existing at the time of the initial conveyance of the Unit without deduction for depreciation, for the purposes of determining the amount of fire insurance to be obtained pursuant to this subparagraph. The amount of any deductible and the responsibility for payment of same shall be determined by the Board, in its sole discretion.

(ii) Public Liability Insurance. To the extent obtainable in the normal commercial marketplace, public liability insurance for personal injury and death from accidents occurring within the Common Elements (and any other areas which the Board deems advisable), and the defense of any actions brought by injury or death of a person or damage to property, occurring within such Common Elements, and not arising by reason of any act or negligence of any individual Unit Owner. Said insurance shall be 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, and shall also cover cross

liability claims of one insured against another. Until the first meeting of the Board following the first annual meeting, such public liability insurance shall be in a single limit of not less than \$1,000,000 covering all claims for personal injury or property damage arising out of any one occurrence. The Board shall review such limits once a year.

(iii) Trustees' and Officers' Liability Insurance. To the extent obtainable in the normal commercial marketplace, liability insurance indemnifying the Trustees and Officers of the Corporation against liability for errors and omissions occurring in connection with the performance of their duties in an amount of at least \$100,000.00, with any deductible amount to be in the sole discretion of the Board.

(iv) Workers' Compensation Insurance. Workers' compensation and New Jersey disability benefits insurance as required by law.

(v) Vehicular Liability Insurance. To the extent obtainable in the normal commercial marketplace, vehicular liability insurance to cover all motor vehicles, if any, owned or operated by the Corporation.

(vi) Flood Insurance. Flood hazard insurance in the event any of the insurable Common Elements are located within a federally designated zone of greater than minimal flood hazard.

(vii) Water Damage. Water Damage legal liability insurance.

(viii) Other Insurance. Such other insurance as the Board may determine to be appropriate.

All policies shall: (i) provide if possible for recognition of any insurance trust agreement of the Association and that adjustment of loss shall be made by the Board of Trustees with the approval of the Insurance Trustee, if any, and that the net proceeds thereof, if \$25,000.00 or less

be payable to the Board, and if more than \$25,000.00 shall be payable to the Insurance Trustee, if any; (ii) require that the proceeds of physical damage insurance be applied to the restoration of such Common Elements and structural portions and service machinery as is required by the Master Deed and these By-Laws; (iii) to the extent obtainable contain agreed amount and inflation guard endorsements; construction code endorsement; demolition cost endorsement; contingent liability from operation of building laws endorsement and increased cost of construction endorsement; (iv) provide that the insurance will not be prejudiced by any act or omission of individual Members that are not under the control of the Association; (v) provide that the policy will be primary, even if insurance covering the same loss is held by any Member(s); (vi) 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 (vii) provide that such policies may not be canceled without at least thirty (30) days prior written notice to all of the named insureds, including all Unit Owners and Eligible Mortgage Holders.

All policies shall show the named insured as: "Cedar Crossing Condominium Association, Inc., for the use and benefit of the individual owners" or the Association's Insurance Trustee, if any. The "loss payable" clause must show the Association or the Insurance Trustee, as a trustee for each Unit Owner, Mortgage Holder or other loss payee. Also, the policies must require the insurer to notify in writing the Association, its Insurance Trustee and each Eligible Mortgage Holder or other entity named in the mortgage clause at least thirty (30) days before it substantially changes the Association's coverage.

The Board may determine, in its sole discretion, the amount of any deductible and the responsibility for payment of same as to any policy of insurance maintained under this subsection. Despite any other provisions of this subparagraph, the Association shall not be

required to provide any type or amount of insurance not commonly available in the normal commercial marketplace.

The premiums for any and all insurance coverage maintained by the Association shall be a common expense of the Association.

Each Unit Owner, other than the Developer, shall be required to obtain and keep in full force and effect, a "HO6" homeowner's insurance policy for his own benefit, with a maximum \$500.00 deductible. Moreover, the liability of the carriers issuing insurance covering the Association shall not be affected nor diminished by reason of any such additional insurance carried by any Unit Owners. A certificate of "HO6" policy shall be furnished to the Association upon request of the Board, which certificate by its terms shall provide that the policy shall not be terminated without at least thirty (30) days prior written notice to the Association. If the Association receives notice that such policy is to be cancelled for any reason whatsoever, the Association shall have the right to obtain an "HO6" policy on behalf of the Unit Owners and charge the cost of the annual premium therefore to the Unit Owner in question as a Remedial Assessment. The Remedial Assessment shall be a lien against the Unit and enforceable in the same manner as all other Common Expense Assessments.

Unit Owners shall not be prohibited from carrying insurance for their own benefit provided that all such policies shall contain waivers of subrogation. Further, the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

ARTICLE 7

7. Fiscal Management.

7.01. Budget; Common Expense Assessments. The Board shall prepare an annual Common Expense Budget which reflects the anticipated operating expenditures and repair and replacement reserve accumulation requirements for the next ensuing fiscal year of the Association. Common Expenses shall include, but not be limited to, the estimated costs for the operation, repair and maintenance of the Common Elements, the estimated costs for the operation of the Association, and any reserves for deferred maintenance, replacement or capital improvements of the Common Elements.

The Board shall have the duty to collect from each Unit Owner, his heirs, administrators, successors and assigns, as “Annual Common Expense Assessments,” the proportionate part of the Annual Common Expenses assessed against such Unit Owner as provided in the Master Deed, the Certificate of Incorporation, these By-Laws, and in accordance with applicable law.

7.02. Determination of Annual Common Expenses. The amount of monies for Annual 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.

7.03. Disbursements. 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 the Master Deed, Certificate of Incorporation, and applicable law.

7.04. Depositories. The depository of the Association shall be such 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, provided that a management agreement may include among its provisions authority for a 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.

7.05. Accounts. (a) The receipts and expenditures of the Association shall be Common Expense Assessments and Common Expenses respectively, and shall be credited and charged to accounts under the following classifications as the Board shall deem appropriate, all of which expenditures shall be Common Expenses:

(i) Current expenses, which shall include expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not include expenditures chargeable to reserves. At the end of each year, any unexpended amount remaining in this account shall be applied to reduce the assessments for current expenses for the succeeding year, or distributed to the Membership in the same manner as assessed, as the Board shall determine.

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

(iii) Reserve for replacement, which shall include funds for repair or replacement of the Common Elements and those portions of the Common Elements for which repair or replacement is required because of damage, depreciation or obsolescence. The amount in this account shall be allocated among each of the separate categories of replacement items, which amounts and items shall be determined in the sole discretion of the Board.

(iv) Reserves for capital improvements, which shall include the funds to be used for capital expenditures or for acquisition of additional personal property that will be part of the Common Elements.

(v) Operations, which shall include all funds from the use of the Common Elements or from any 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 or otherwise shall be used to reduce the assessments for current expenses for the year during the one in which the surplus is realized, or at the discretion of the Board, in the year following the one in which the surplus is realized. Losses from operations or otherwise shall be met by special assessments against Unit Owners, which assessments may be made in advance in order to provide a working fund.

(vi) Working capital, consisting of those non-refundable and non-transferable contributions assessed upon each Unit Owner upon acquisition of title to a Unit imposed under Article 2, Section 2.08, which shall be earmarked for the purpose of maintenance of or improvements to the Common Elements to defray Common Expenses or otherwise.

(vii) Escrow deposits paid by each Unit Owner to be applied in the event of a default in payment of Common Expense assessments by that Unit Owner if imposed under Article 2, Section 2.09.

(viii) Bulk real estate tax reserve, which shall be those funds collected by the Association as Miscellaneous Assessments to enable the Association to pay to the municipality those amounts estimated or assessed and billed as real estate taxes against the Property as a whole until such time as the municipality assesses and bills all real estate taxes on a per Unit basis.

(ix) Transition Expense Fund, which shall be those funds paid by the Unit Owners at the initial closing of their respective Units to help underwrite the cost of independent legal, engineering, and any other professional consultants necessary to assist the Association in the transfer of responsibility to the Association for the maintenance, operation, and administration of the Common Elements and Association affairs.

(b) The Board of Trustees shall not be required to physically segregate the funds held in the above accounts except for the Transition Expense Fund, reserves for replacement and repair and escrow deposits, if any, which funds must be maintained in separate accounts. The Board may, in its sole discretion, maintain the remaining funds in one or more consolidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the Association's records.

7.06. Reserves. The Board shall not be obligated to expend all of the reserves collected in any accounting period, and must maintain reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Despite 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 that portion of the Common Expenses which is to be assessed against the Unit Owners as a capital contribution and is allocable to reserves for each separate item of capital improvement of and to said property. The amounts assessed and collected for the reserves shall be kept in one or more interest-bearing savings accounts, or certificates of deposit and shall not be utilized for any purpose other than that which was contemplated at the time of the assessment. 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 functions.

7.07. Notice; Emergencies. The Board shall give written notice to each Unit Owner and Eligible Mortgage Holder of the amount estimated by the Board for Common Expenses for the management and operation of the Association for the next ensuing budget period, directed to the Unit Owner at his last known address by ordinary mail, or by hand delivery. Said notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails. After the Developer turns over control of the Board to the Unit Owners, if an Annual Common Expense 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 an amended Assessment. In the event the Annual Common Expense Assessment proves to be insufficient, the budget and Assessments may be amended at any time by the Board, provided that nothing shall serve to prohibit or prevent the Board from imposing an Emergency Assessment in the case of any immediate need or emergency which cannot be met by funds earmarked for such contingency.

7.08. Acceleration of Assessment Installment upon Default. If a Unit Owner shall be in default less than thirty (30) days in the payment of an installment upon any type of assessment, the Board may notify the delinquent Unit Owner that the remaining installments of the assessment shall be accelerated if the delinquent installment has not been paid by a date stated in the notice, which date shall not be less than five (5) days after delivery of the notice to the Unit Owner, or not less than ten (10) days after the mailing of such notice to him by registered or certified mail. If default shall continue for a period of thirty (30) days, then the Board shall be required to give such notice. If default continues following the time for payment prescribed in the notice, then the Board shall be required to accelerate the remaining installments

of the assessment and notify the delinquent Unit Owner that a lien for the accelerated amount shall be filed on a date certain stated in the notice if the accelerated balance has not then been paid. The lien for such accelerated assessment as permitted by law shall then be filed if the delinquent assessment has not been theretofore paid and the Board may also notify any holder of a mortgage encumbering the Unit affected by such default or publish appropriate notice of such delinquency to the membership of the Association. If said default continues for a period of ninety (90) days, then the Board shall foreclose the foregoing lien pursuant to law and/or commence an independent suit against the appropriate parties to collect the Assessment.

7.09. Interest and Counsel Fees. The Board at its option shall have the right in connection with the collection of any type of assessment, or other charge, to impose a late charge of any reasonable amount and/or interest at the legal maximum rate permitted by law for the payment of delinquent real estate taxes, if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said Assessments or charges by resort to counsel, and/or the filing of a lien, the Board may add to the aforesaid Assessments or charges the reasonable counsel fees and costs of collection, including but not limited to, the costs of preparation and filing of any liens, legal proceedings, post judgment collection efforts, etc., in addition to such other costs as may be allowable by law.

7.10. Assessment of Expenses in Actions by or against Association; Allocation of Awards. (a) Common Expenses. In the case of any action or proceeding brought or defended by the Association or the Board pursuant to the provisions of the Master Deed, Certificate of Incorporation, these By-Laws, or any rule or regulation, the reasonable costs and expenses of preparation and litigation, including attorneys' fees, shall be Common Expenses among all Unit Owners other than the Developer.

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

(b) Allocation of Awards. Money judgments recovered by the Association in any action or proceeding brought hereunder, including costs, penalties or damages shall be deemed a special fund to be applied to (1) the payment of unpaid litigation expenses; (2) Common Expense Assessments, if the recovery thereof was the purpose for the litigation; (3) repair or reconstruction of the Common Elements if recovery damages to same was the purpose for the litigation; and (4) any amount not applied to (1), (2), and (3) above shall at the discretion of the Board be treated either as (i) a common surplus which shall be allocated and distributed pursuant to the Master Deed or (ii) a set off against Common Expense Assessments generally. Despite the foregoing, if a Unit Owner(s), the Board or any other person or legal entity affected by any such distribution, shall assert that the damages sustained by a Unit Owner(s) was disproportionate to his allocated amount of any common surplus, the matter shall be submitted to binding arbitration in accordance with Article 15 hereof.

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

7.11. Power of Attorney to Eligible Mortgage Holder. In the event the Board shall not cause the enforcement procedures provided in Sections 7.08 and 7.09 above to be

implemented within the time provided, any Eligible Mortgage Holder for any Unit as to which there shall be such unpaid Common Expense Assessments is hereby irrevocably granted a power of attorney to commence such actions and to invoke such other remedies, all in the name of the Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

7.12. Annual Audit. The Board shall submit the books, records, and memoranda of the Association to an annual audit by an independent certified public accountant who shall audit the same and render a report thereon in writing to the Board and in summary form to the Unit Owners and such Eligible Mortgage Holders or other persons, firms or corporations as may be entitled to same. While the Developer maintains a majority of the Board, the Developer shall have an annual audit of Association funds for the preceding fiscal year prepared by an independent accountant, a copy of which shall be available to the holder, insurer, or guarantor of any first mortgage that is secured by a Unit upon written request within ninety (90) days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

7.13. Examination of Books. Each Unit Owner shall be permitted to examine the books of account of the Board by appointment in the offices of the Association or such other place as may be designated therefore by the Board at a reasonable time on business days; provided, however, that the Treasurer of the Association has been given at least 10 days prior written notice of the Unit Owner's desire to make such an examination.

7.14. Fidelity Bonds. Fidelity bonds shall be required by the Board from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board in its sole discretion. The premium on such bonds shall be paid by the Association.

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

7.15. Exemption from Assessments for Capital Improvements. Despite anything to the contrary, neither the Developer nor any Eligible Mortgage Holder for any Unit shall be required to pay any assessments for capital improvements, either by way of regular or special assessments or otherwise. Further, this provision may not be amended without the written consent of the Developer and every Eligible Mortgage Holder. Despite the foregoing, the Developer and every Eligible Mortgage Holder shall be responsible for the installments of Annual Common Expense Assessments, or portions thereof, attributable to Units for which a Certificate of Occupancy has been issued and for which the respectively hold title during the time title is held. This includes that portion of same attributable to normal reserves for capital repair and replacement.

ARTICLE 8

8. Officers.

8.01. Designation. The principal officers of the Association shall be a President, a Vice-President, both of whom shall be Members of the Board, a Secretary and a Treasurer. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in its judgment may be necessary. Any two (2) offices, except that of President and Vice-President, may be held by one person.

8.02. Election of Officers. The officers of the Association shall be elected annually by the Board at its first meeting following each annual meeting and such officers shall hold office at the pleasure of the Board.

8.03. Removal of Officers. Upon an affirmative vote of a majority of the full number of Trustees, any officer may be removed, either with or without cause, after opportunity for a hearing, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

8.04. Duties and Responsibilities of Officers.

(a) The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the Board. He shall have all of the general powers and duties which are usually vested in the office of the President of an Association. The President shall be primarily responsible for the supervision of and communication with the Association's manager or managing agent.

(b) 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 Trustee to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

(c) The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Members of the Association. The Secretary shall have direct charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident to the Office of the Secretary.

(d) The Treasurer shall have the responsibility for the custody of 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. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be authorized by the Board.

8.05. 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.

8.06. Eligibility of Trustees. Nothing herein contained shall prohibit a Trustee from being an Officer.

ARTICLE 9

9. Compensation, Indemnification and Exculpation.

9.01. Compensation. No compensation shall be paid to the President or the Vice-President or any Trustee, or committee member for acting as such officer, Trustee or committee member. The Secretary and/or Treasurer may be compensated for their services if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any officer, Trustee or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association, provided however, that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

9.02. Indemnification. Each Trustee, officer or committee member of the Association, shall be indemnified by the Association against the actual amount of net loss including counsel fees, reasonably incurred by or imposed upon him in connection with any action, suit or

proceeding to which he may be a party by reason of his being or having been a Trustee, officer or committee member of the Association, except as to matters for which he shall be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

9.03. Exculpation. Unless acting in bad faith, neither the Board as a body nor any Trustee, officer, or committee member shall be personally liable to any Unit Owner in any respect for 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, officers and committee members of the Association, in the execution of the duties and powers of said Trustees, officers and committee members. Nothing contained herein shall be construed so as to exculpate Members of the Board of Trustees appointed by the Developer from discharging their fiduciary duties.

ARTICLE 10

10.01. Alternative Dispute Resolution Committee.

(a) Designation. The Board may establish an Alternative Dispute Resolution Committee (“ADR Committee”), consisting of a chairman and two or more members, none of whom may be a member of the Board or an employee of the Association. The ADR Committee shall serve indefinitely at the pleasure of the Board.

(b) Power. The ADR Committee shall have power to appoint a subcommittee from among its members and may delegate to any such subcommittee any of its powers, duties and functions.

(c) Authority. It shall be the duty of the ADR Committee to attempt to resolve complaints from Members of the Association on any matter involving alleged violations of any restrictions, rules or resolutions set forth in the Condominium Documents. Its authority does not extend to collection matters or the governance of the Association, except to the extent that the Board may delegate such authority.

ARTICLE 11

11. Enforcement.

11.01. Enforcement. The Board shall have the power, at its sole option, to enforce the terms of this instrument or any Rule or Regulation promulgated pursuant thereto, by any or all of the following: self-help in the case of an emergency; sending notice to the offending party to cause certain things to be done or undone; restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted governmental authorities; or by taking any other action, summary or otherwise, before any court, as may be provided by law.

11.02. Fines. To the extent now or hereafter permitted by the law of the State of New Jersey, the Board shall also have the power to levy fines against any Unit Owner(s) for violation(s) of any Rule or Regulation of the Association or for any covenants or restrictions contained in the Master Deed or By-Laws, except that no fine may be levied for more than \$25.00 for any one violation; provided, however, that for each day a violation continues after notice it shall be considered a separate violation. Collection of the fines may be enforced against any Unit Owner(s) involved as if the fine were a Common Expense owed by the particular Unit Owner(s). Despite the foregoing, before any fine is imposed by the Board, the Unit Owner

involved shall be given at least ten (10) days prior written notice and afforded an opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

11.03. 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 same irrespective of the number of violations or breaches thereof which may occur.

11.04. Cause of Action against Association. Subject to the mediation requirement set forth in 11.05, Units Owners shall have a cause of action, to the extent permitted by the laws of this State, against the Association for its failure to act in accordance with the Master Deed, Certificate of Incorporation, these By-Laws, any Rules or Regulations or any formal decisions of the Association. Any dispute between or among Owners or with the Association, other than collection matters, may first be submitted to the ADR Committee, as contemplated by Article 10 of these By-Laws, for mediation before any litigation is commenced with respect to the dispute in question, as contemplated by N.J.S.A. 45:22A-44(c). Such mediation shall be conducted in accordance with Alternative Procedures for Dispute Resolution of the Association formally established by the Board.

11.05. Alternative Dispute Resolution Procedure. (a) Authority. In addition to the mediation authority granted to it herein, the ADR Committee shall have such additional duties, power and authority as the Board may from time to time provide by resolution. This shall include the right to resolve disputes arising under and to enforce the provisions of the Condominium Documents including the right to (i) impose temporary cease and desist orders and (ii) levy fines pursuant to Section 11.02 hereof to the extent permitted by law. The ADR Committee shall carry out its duties and exercise its powers and authority in the manner provided for in these By-Laws, the Rules and Regulations or by Resolution of the Board. Despite the foregoing, no action may

be taken by the ADR Committee without giving the affected Owner(s) involved at least ten (10) days prior written notice and affording the Owner an opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

Further, any Owner who is directly affected and aggrieved by any decision of the ADR Committee shall have the right to appeal such decision to a court of competent jurisdiction. Any dispute between or among Owners or with the Association may be first submitted to the ADR Committee for mediation or non-binding arbitration before any litigation is commenced with respect to the dispute in question, all as contemplated by N.J.S. 45:22A-44(c) and Section 10.04 hereof. If there is not an appeal to a court of competent jurisdiction, or if the parties do not agree to binding arbitration, within forty-five (45) days of the decision by the ADR Committee, the decision of the ADR Committee shall be binding on all parties and shall have the full force and effect under the laws of the State of New Jersey.

The expenses for mediation or non-binding arbitration are Common Expenses of the Association. However, if the parties agree to binding arbitration, then the expenses are shared equally between the Owner and the Association unless the arbitrator determines otherwise. Moreover, nothing herein shall prevent the Association from charging a reasonable application fee to any party who requests mediation or arbitration.

(b) Mediation Alternative. At any time before or after the commencement of any court appeal or binding arbitration procedure pursuant to this Article 11, any party to the dispute, or the ADR Committee on its own motion, may request mediation of the dispute by an impartial mediator appointed by the ADR Committee in order to attempt to settle the dispute in good faith. Such mediator may be a member of the ADR Committee, its counsel or any other qualified mediator. Any such mediation shall be concluded within fifteen (15) days after such request,

unless extended by the mediator for good cause. In the event that no settlement is reached within said fifteen (15) day period, all relevant time periods in the hearing process shall be extended for fifteen (15) days plus any extension period.

11.06. Compliance By Owners. Each Unit Owner shall comply with and shall assume ownership or occupancy subject to the laws, rules and regulations of governmental authorities having jurisdiction over the Condominium, and the provisions of the Condominium Documents. Failure to comply with any of the foregoing shall be grounds for commencement of action for the recovery of damages, or for injunctive relief, or both, by the Developer, the Association, or any Owner, in any court of administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any of the aforesaid. Failure to take action to enforce any provision therein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce same.

ARTICLE 12

12. Amendments.

12.01. Amendments. These By-Laws, or any of them, may be altered or repealed, or new By-Laws may be made, by the Developer at any point prior to conveyance of any of the Units. After conveyance of any one or more of the Units, 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 held for such purpose, and previous to which written notice to Unit Owners of the exact language of the amendment or of the repeal shall have been sent, a quorum being present, by an affirmative vote of 51% in interest of the votes entitled to be cast in person, by mail ballot, by consent or by proxy, except that (i) the first annual meeting may not be advanced, (ii) the first Board (including

replacements in case of vacancies) may not be enlarged or removed, (iii) the obligation of the proportionate responsibility for the payment of Common Expenses with respect to the Units or Common Elements may not be changed by reason of any such new By-Law, amendment or repeal, or (iv) no such new By-Law, amendment or repeal shall in any way adversely and materially affect the Developer, including any successor of the Developer, unless the Developer, or its successor, has given its prior written consent thereto.

ARTICLE 13

13. Conflict; Invalidity.

13.01. Conflict. Despite anything to the contrary herein, if any provision of these By-Laws is in conflict with or contradiction of the Master Deed, the Certificate of Incorporation or with the requirements of any applicable governmental law, requirements or permits, then the requirements of said Master Deed, Certificate of Incorporation or said governing law, requirements or permits shall be deemed controlling.

13.02. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the enforceability or affect the validity of the remaining provisions of the By-Laws.

ARTICLE 14

14. Notice. Any notice required to be sent to any Unit Owner under the provisions of the Condominium Documents shall be deemed to have been properly sent and notice thereby given, when mailed, by regular post with postage prepaid, addressed to the Unit Owner at the last known post office address of the person who appears as a member on the records of the

Association at the time of such mailing. Notice to one of two or more co-owners of a Unit shall constitute notice to all co-owners. It shall be the obligation of every Unit Owner to immediately notify the Secretary of the Association in writing of any change of address. Valid notice may also be given to Unit Owners by (i) personal delivery to any occupant of said Unit over fourteen (14) years of age or (ii) by affixing said notice to or sliding same under the front door of any Unit.

ARTICLE 15

15. Pre-Transition Procedures.

15.01. Purpose. In order to provide for a timely mechanism to ensure that the Developer has properly discharged its warranty and construction obligations with respect to the Common Elements and other improvements which the Association may be obligated to maintain (“Other Improvements”), the Board may establish a Pre-Transition Committee (“the Committee”), consisting of five (5) Unit Owners other than the Developer. The Committee shall consist of all current Resident Owner Board Members and such other Resident Owners as may be required to constitute the full five (5) member Committee. Such other Resident Owner Committee members shall be elected by the Resident Owners only and serve until the control of the Board is vested in the Resident Owners. The Resident Owner Board members on the Committee shall serve only during their respective terms on the Board. In the event of any vacancies on the Committee other than Resident Owner Board member vacancies, the successor Committee Members shall be appointed by the Resident Owner Board members within thirty (30) days of the occurrence of any such vacancies.

Within thirty (30) days after control of the Board is vested in Resident Owners, the Committee shall be reconstituted to consist of such Resident Owners, including Resident Owner Board members, as the Resident Owner Board members deem appropriate.

In the case of a tie vote by the Resident Board members, vacancies on the Committee shall under all instances be filled within fifteen (15) days after such tie vote by a vote of the Resident Owners.

15.02. Authority. If formed, the Committee shall inspect and evaluate the condition of all Common Elements or Other Improvements, or any portion thereof which are not covered by performance guarantees posted with the municipality (“Bonded Improvements”) and the Developer indicates in writing to the Committee are complete (“Notice of Completion”) and ready to be inspected for compliance with the Developer’s warranty and construction obligations, all with the assistance of qualified independent engineering and legal consultants to be selected by the Committee and paid from the Transition Expense Fund described in Section 2.07 hereof. Thereafter, the Committee shall negotiate the appropriate remedial measures with the Developer and recommend to the Board of Trustees the terms and conditions upon which the Developer shall be released from liability with respect to each such completed portion of such Common Elements and Other Improvements, but not for warranty obligations for individual Units. Bonded Improvements shall be exempt from this process and the acceptance of same by the municipality shall be deemed conclusive evidence that the Bonded Improvements have been completed satisfactorily whereupon the Developer shall have no further warranty or construction obligations with respect to same, either to the Association or the municipality.

15.03. Procedure. The Committee shall cause each completed portion of the Common Elements and Other Improvements, other than Bonded Improvements, to be inspected by and

obtain a report from a qualified independent engineering consultant within sixty (60) days after the Committee's receipt of each Notice of Completion. A copy of each said report shall be furnished to the Developer within ten (10) days after the Committee's receipt of same. Thereafter the Committee or its designated representative(s) and the Developer shall conduct one or more joint inspections of the improvements covered by the Notice of Completion and pursue such good faith negotiations as may be appropriate to resolve any differences with respect to the Developer's obligations regarding such completed improvements.

If an agreement is reached between the Committee and the Developer, and the Committee recommends approval of same, then the Board shall be empowered to release the Developer from all liability with respect to such completed improvements, subject to such terms and conditions as may be acceptable to the Committee and the Developer. Any such release shall be legally binding upon the Association, provided the same is approved in writing as to form by an independent legal counsel for the Association who has been selected by the Committee.

However, if no such agreement is reached within one hundred and eighty (180) days after the Committee's receipt of the Notice of Completion, then the Developer shall have the option to (i) proceed to binding arbitration to resolve all disputed recommendations of the Committee pursuant to the rules of the American Arbitration Association, (ii) accept such portions of the Committee's recommendations as it deems appropriate, or (iii) reject the Committee's recommendations in their entirety. If the Developer elects option (ii) above, then the Board shall execute a binding release of liability of the Developer with respect to all Committee recommendations acceptable to the Developer, subject to such independent legal counsel's approval as to form. Moreover, the Board and the Association shall not be obligated to pursue any claims with respect to any unresolved items under either option (ii) or (iii) until the

expiration of one (1) year after the Resident Owners assume control of the Board, it being understood and agreed that by submitting each Notice of Completion to the Committee the Developer shall have been deemed to have waived for such one (1) year period any statute of limitations defenses with respect to Common Elements or Other Improvements covered by such Notice.

15.04. Binding Release. Any release of the Developer's liability executed by the Developer controlled Board of Trustees pursuant to this Article 15 shall be legally binding upon the Association, absolutely and forever, despite the Developer's control of the Board.

15.05. Transition Procedures After Resident Owner Control of Board. The procedures set forth in Section 15.03 shall apply to and be followed by the Developer and Resident Owner controlled Board of Trustees with respect to all Common Elements and Other Improvements for which there has been no previous Notice of Completion furnished to the Association by the Developer or if no Committee was formed; provided, however, that a Resident Owner controlled Board shall not be obligated to utilize or follow the recommendations of the Committee.

15.06. Legal Effect. The provisions of this Article shall be construed to be complementary to and not in derogation of any other provisions of these By-Laws, the Master Deed, the Certificate of Incorporation or any applicable statute or regulation of the State of New Jersey, including but not limited to N.J.S. 46:8B-12.1. Each Resident Owner's execution of the Power of Attorney set forth in the Unit Deed for his Unit shall constitute an irrevocable and binding consent to the terms of this Article 15.

ARTICLE 16

16. Civil Action for Damages.

The Association shall not be liable in any civil action brought by or on behalf of a Unit Owner to respond in damages as a result of bodily injury to the Unit Owner occurring on the premises of the Association except as the result of its willful, wanton, or grossly negligent act of commission or omission.

ARTICLE 17

17. Arbitration.

Any arbitration provided for in these By-Laws shall be conducted before one arbitrator in Monmouth County, New Jersey by the American Arbitration Association, in accordance with its rules then obtaining and in the decision rendered in such arbitration shall be binding upon the parties and may be entered into in any court having jurisdiction. All expenses of arbitration hereunder including the fees and expenses of counsel and experts shall be Common Expenses.

ARTICLE 18

18. Corporate Seal.

The Association shall have a seal in circular form having within its circumference the words "The Cedar Crossing Condominium Association, Inc.".

END