

Bylaws

EXHIBIT 3

BYLAWS

OF

**GEORGETOWNE OF MORRISTOWN CONDOMINIUM
ASSOCIATION, INC**

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ARTICLE I

Nature of Bylaws

Section 1. Name. The name of the corporation is the Georgetowne of Morristown Condominium Association, Inc., hereinafter referred to as the "Association," a non-profit corporation organized under Title 15A of the New Jersey Statutes Annotated. It was established by Articles of Incorporation filed with the office of the New Jersey Secretary of State in 2001.

Section 2. Purpose of the Association. The purpose of the Association is defined in its Articles of Incorporation. The Association is the governing body of the Georgetowne of Morristown Condominium established under the laws of the State of New Jersey. It provides for the management, administration, utilization and maintenance of the Common and Limited Common Elements located in the Georgetowne of Morristown Condominium.

Section 3. Purpose of the Bylaws. These Bylaws are intended to govern the administration of the Georgetowne of Morristown Condominium Association, Inc.

Section 4. Definitions. For the purpose hereof, the following terms shall have the following meanings, unless the context in which same are utilized clearly indicate otherwise:

- (a) "Annual Expense Fund" shall mean the operating account of the Association, established and maintained for the purposes specifically set forth in Article IX, Section 10(a) of these Bylaws.
- (b) "Articles of Incorporation" shall mean the Articles of Incorporation for Georgetowne of Morristown Condominium Association, Inc. attached to the Master Deed as Exhibit "E."
- (c) "Authorized votes" shall mean 9 votes, representing one vote for each Unit in the Georgetowne of Morristown Condominium. The number of authorized votes is subject to increase pursuant to Sponsor's reservation of rights to modify the number of units within the Condominium.
- (d) "Board" shall mean the Board of Trustees of the Condominium Association.
- (e) "Bylaws" shall mean these Bylaws of the Georgetowne of Morristown Condominium Association, Inc.
- (f) "Capital Reserve Fund" shall mean the account of the Association for the accumulation of money to pay for the expenses specifically set forth in Article IX, Section 10(c) of these Bylaws.

- (g) "Common Elements" shall mean "General Common Elements" and "Limited Common Elements," as more particularly described in Paragraph 5 of the Master Deed.
- (h) "Common Expenses" shall, subject to the provisions of Paragraph 6 of the Master Deed, mean all those operating, capital replacement, and deferred maintenance reserve expenses incurred by the Condominium Association, or its respective trustees, officers, agents or employees, in the lawful performance of their respective duties.
- (i) "Condominium" shall mean (i) the Property; (ii) all improvements now or hereinafter constructed in, upon, over or through the Property, whether or not shown on any exhibit to the Master Deed; (iii) all rights, roads, privileges and appurtenances belonging to or associated with the Property; and (iv) the entire entity created by the execution and recording of the Original Master Deed.
- (j) "Condominium Association" shall mean Georgetowne of Morristown Condominium Association Inc., a New Jersey nonprofit corporation, its successors and assigns.
- (k) "Deferred Maintenance Reserve Fund" shall mean the account of the Association established and maintained for the accumulation of money to pay for the expenses specifically set forth in Article IX, Section 10(b) of these Bylaws.
- (l) "Delinquent Unit Owner" shall have the meaning set forth in Article IX, Section 20 of these Bylaws.
- (m) "Eligible Mortgage Holder" shall mean and refer to any holder of a first mortgage encumbering any Unit who has requested, in writing, by certified mail, return receipt requested, notice of certain matters from the Condominium Association. The notice to the Association must state the name of the mortgage holder and the address to which notices are to be sent and shall identify the mortgaged Unit. All notices to an Eligible Mortgage Holder shall be effective upon mailing to the address provided by the mortgage holder, unless the address is modified by written notice given to the Association in the same manner as provided above.
- (n) "Eligible Votes" shall mean the number of Units whose owners are in good standing, as defined in Article III of these Bylaws.
- (o) "General Common Elements" shall have the same meaning as "common elements" pursuant to N.J.S.A. 46:8B-3(d), except as same may be modified by the provisions of Paragraph 5(A) of the Master Deed.

- (p) "Governing Documents" means the Master Deed, these Bylaws, the Articles of Incorporation and any Rules and Regulations adopted by the Board.
- (q) "Limited Common Elements" shall have the same meaning as "limited common elements" pursuant to N.J.S.A. 46:8B-3(k), except as same may be modified by the provisions of Paragraph 5(B) of the Master Deed.
- (r) "Market Unit" shall mean any of the townhouse units contained in the buildings of the Georgetowne of Morristown Condominium.
- (s) "Original Master Deed" means that master deed identified in Paragraph A of the Preamble to the Master Deed.
- (t) "Property" shall mean the buildings, the land described in Exhibits "A" and "B" of the Master Deed and all improvements now or hereinafter constructed in, upon, over or through such lands.
- (u) "Quorum" shall, in connection with any Membership Meeting, mean 30 percent of the Eligible Votes unless otherwise required by the Articles of Incorporation, the Master Deed, or these Bylaws.
- (v) "Resident Owner" shall mean an owner of a Unit who has actually resided in Georgetowne of Morristown for 183 or more days during the immediately preceding 12-month period.
- (w) "Resident Spouse" shall mean the spouse of an owner of a Unit who has actually resided in Georgetowne of Morristown for 183 or more days during the immediately preceding 12-month period. The term "Resident Spouse" will include a domestic partners provided the State of New Jersey has statutorily recognized such relationships.
- (x) "Master Deed" means the and Master Deed for the Georgetowne of Morristown Condominium, dated _____, 2002, and recorded in the Morris County Clerk's Office simultaneously with the recording of these Bylaws as an exhibit thereto.
- (y) "Rules and Regulations" shall mean those rules and regulations lawfully adopted by the Board in accordance with the powers granted to it under the Governing Documents or by law.
- (z) "Unit" shall mean a part of the Condominium designated and intended for independent use as a residential dwelling, and shall not be deemed to mean any part of the Common Elements situated within or used in connection with a Unit, as more specifically described in Paragraph 4 of the Master Deed.

- (aa) "Unit Owner" shall mean one or more persons or entity having fee simple title to a Unit.

Unless the context indicates otherwise, all definitions set forth in N.J.S.A. 46:8B-3 are incorporated herein by reference and the definitions set forth above shall be read in conjunction with those statutory definitions.

Section 5. Principal Office. As of the adoption of these Bylaws on _____, 2002 the principal office of the Association is Georgetowne of Morristown Condominium Association, Inc., located at The Carriage House, 64 MacCulloch Avenue, Morristown, New Jersey 07960, County of Morris, State of New Jersey 07054. The principal address of the Association may be amended by recorded resolution of the Board, from time to time.

ARTICLE II

Applicability

Section 1. General. These Bylaws, and all other Governing Documents, will apply to all current and future owners, occupants, tenants or other persons or entities claiming an interest in any unit.

Section 2. Personal Application. All present and future owners, occupants, tenants, future tenants or their employees, or any other person that might use the facilities of the Georgetowne of Morristown Condominium in any manner, are subject to the terms of these Bylaws. The acquisition, use, or rental of a unit, or use of a Common Element or easement, by any person or entity, shall mandate compliance with these Bylaws.

ARTICLE III

Membership And Voting Rights

Section 1. Members. Every person, firm, association, corporation or other legal entity who is a record owner, or co-owner of the fee simple 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 Association.

Section 2. Associate Members. Every person who is entitled to possession and occupancy of a Unit as a tenant or lessee of a Unit Owner may be an associate member of the Association, but shall not be entitled to any vote with respect to Association matters.

Section 3. Change of Membership. Change of membership shall be accomplished by recording in the Morris County Clerk's Office a deed or other instrument establishing a record title to a Unit, and delivery to the Secretary of the Association at the principal office of the Association of a certified copy of such instrument. The membership of the prior owner shall simultaneously terminate with the membership of a new owner.

Section 4. Rights of Membership. Every person who is entitled to membership in the Association, pursuant to the provisions of the Articles of Incorporation and these Bylaws, shall be privileged to use and enjoy the common elements subject to the terms and conditions of Paragraph 14 of the Master Deed.

Section 5. Good Standing; Suspension of Rights.

- (a) If any individual owner of a Unit is not in good standing, as hereafter defined, no vote may be cast with respect to any Unit in which that owner holds an ownership interest. An owner will be deemed to be in good standing if the owner is (i) not in default, breach or violation of the terms, conditions, restrictions or covenants contained in the Governing Documents as determined following the opportunity to have a hearing before the Judicial Committee, if any, or the Board, or (ii) not more than 30 days late in the payment of any installment due for assessments made or levied against the Unit by the Association pursuant to the Master Deed or these Bylaws, together with all interest, costs, attorney's fees, penalties, fines and other expenses chargeable to the member, or the member's Unit.
- (b) Any Unit Owner not in good standing five days prior to a membership meeting, will not, in connection with any Unit in which such owner has a membership interest, be permitted to cast any vote in connection with any matter coming before the membership, nor be permitted to run for any elected office of the Association, nor will the Unit(s) owned by such an owner be counted towards the Eligible Votes. The Board shall also have the right to suspend the easement rights of a Unit Owner who is not in good standing, as described in Paragraph 23 of the Master Deed.
- (c) An owner's rights, as set forth in subsection (b) above, will be reinstated six days following the restoration of the owner's good standing, provided, however, that in connection with any adjournment of a meeting in connection with which the owner was not in good standing, the owner will not have a right to vote or be counted as an Eligible Vote in connection with such adjourned meeting.

Section 6. Votes. Unit Owners shall be entitled to one vote for each Unit to which the Unit Owner holds title. When more than one person holds title, the vote for each Unit shall be exercised as the co-owners among themselves determine. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote(s) shall be counted unless one or more of the other co-owners is present and objects to such vote(s); or, if not present, submits a

proxy or objects in a writing delivered to the Secretary of the Association before the vote(s) are counted. If co-owners disagree as to the vote(s), the vote(s) will not be counted.

Section 7. Proxies. Proxy ballots shall be permitted with respect to all elections of Trustees, and all amendments to the Articles of Incorporation, the Master Deed, or these Bylaws, or any other matter which is to come before a meeting of the membership of the Association, unless otherwise set forth in the Governing Documents. All proxies must be in writing, signed by a Unit Owner, or by his duly authorized representative(s) and delivered to the Secretary of the Association, or such other person as the President may designate. All proxies will be effective only in connection with the meeting for which it is given, and all lawful adjournments of the meeting. Proxies may be revoked, in writing, at any time prior to the opening of the polls. Proxies may only be given to a member of the Association in good standing in the Association. 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. Proxies to be utilized in connection with the election of trustees and amendments must be directed proxies incorporating a ballot for the election of trustees or the approval of an amendment to one or more of the Governing Documents, which ballot must be completed by the Unit Owner giving the proxy. In connection with all other matters, the proxy may, but is not required to, be in the form of a general proxy.

ARTICLE IV

Membership Meetings

Section 1. Place of Meeting. All meetings of the members of the Association shall be held within the community or at such other place convenient to the members as may be designated by the Board.

Section 2. Annual Meetings. All annual meetings of the members of the Association shall be held during the month of May, on the date determined by the Board.

Section 3. Special Meetings. Special meetings of members may be called by the President whenever such a meeting is deemed advisable, or may be called by the Secretary when so ordered by the Board, or upon the written request of members representing not less than 15 percent of the Eligible Votes. The request must state the purpose(s) of such meeting and the matter(s) proposed to be acted upon. Unless members representing not less than 50 percent of the Eligible Votes request such a meeting, no special meeting may be called to consider any matter that is substantially the same as a matter voted upon at any meeting of the members held during the preceding 12 months. Special meetings must be held within 45 days of the filing of a written request complying with the terms of this section.

Section 4. Emergency Meetings. In the event that the Board is required to deal with such matters of urgency and importance that delay for the purpose of providing forty-eight (48) hours advance notice would be likely to result in substantial harm to the interests of the

Association, the notice shall be deemed adequate if it is provided as soon as possible following the calling of the meeting.

Section 5. Proxies and Adjourned Meetings. 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 reconvened meeting.

Section 6. Notice of Meetings. Notice of each meeting of members, whether annual or special, will be given not less than 10 days, nor more than 60 days before the day on which the meeting is to be held. Notice will be sent by U.S. mail, regular post with postage prepaid, addressed to the Unit Owner at the address on the records of the Association pursuant to Article XVIII of these Bylaws. Every such notice shall state the time and place of the meeting and shall state briefly the purpose(s) thereof. At least once each year, within seven (7) days following the annual meeting of the Association, the Board shall post and maintain posted throughout the year, notice of meetings to be held in Board-designated locations. Notice of any meeting in which the Board is to take action, other than the annual meeting, or a special or emergency meeting, shall be given at least forty-eight (48) hours in advance of that meeting, including the time, date, location and when possible, the agenda for that meeting, to all Unit Owners. Except where otherwise expressly required by law, no publication of any notice of a meeting of members will be required.

Section 7. Quorum and Adjourned Meetings. The quorum for any membership meeting, unless otherwise specifically set forth in the Articles of Incorporation, the Master Deed or these Bylaws, shall be 30 percent of the Eligible Votes. Only members in good standing who are present in person or by proxy shall be counted in establishing a quorum. Once a quorum has been established, the quorum will remain in effect, despite the subsequent departure or absence of one or more persons from the meeting, provided that any action taken by the membership is approved by at least a majority of the required quorum for that meeting. In the absence of a quorum, the persons holding votes present in person or by proxy and entitled to vote, may, by majority vote, adjourn the meeting from time to time, until a quorum shall be present or represented. To establish a quorum at the adjourned meeting, the number of Unit Owners that were present either in person or by proxy at any meeting adjourned due to the lack of a quorum are considered present at any subsequent meetings of the original adjourned meeting, except that issues not expressly voted on in any proxies cannot be counted. The quorum will be determined by the Secretary or his designee.

Section 8. Organization. At each meeting of the members, the President, or in his absence, the Vice President, or in the absence of both, another trustee chosen by a majority vote of the members present in person or represented by proxy and entitled to vote at the meeting, shall act as a chair, and the Secretary, or in his absence, a person whom the Chair shall appoint, shall act as Secretary of the meeting.

Section 9. Voting

- (a) Except as otherwise required by the Articles of Incorporation, the Master Deed, these Bylaws, or any law, a quorum being present, the affirmative vote of a majority of the quorum present, in person or by proxy, will be sufficient on those matters that are to be voted on by the members. Any vote permitted to be cast by a Unit Owner, may be cast by the Resident Spouse of a Unit Owner who does not hold record title to the Unit. Unless determined by a majority of the votes of the members present at such meeting, in person or by proxy, or determined by the chairperson of the meeting to be advisable, the vote on any other question need not be by ballot, unless expressly otherwise required pursuant to the Master Deed or these Bylaws.
- (b) Any vote permitted under these Bylaws, or pursuant to the Master Deed, may, at the election of the Board, be made electronically, provided that (i) the Association is able to verify that the vote is cast by a Unit Owner having the right to do so; and (ii) the ballot may be cast anonymously or, where that is not reasonably practicable, the identity of the Unit Owner and the selection indicated on any ballot will only be known to the inspectors of the election, which inspectors may not be a member of the Board and who must subscribe to an oath not to divulge the identity of, or selection indicated by, any Unit Owner. A Unit Owner voting by electronic means will be deemed to be present at a meeting provided the Unit Owner submits a proxy as otherwise permitted under these Bylaws. In such event the proxy may provide that the Unit Owner's vote will be directed in the Unit Owner's electronic ballot. The Board may, by resolution, adopt additional procedures for electronic voting.

Section 10. Inspectors. If at any meeting of the Unit Owners a vote by ballot will be taken on any questions, the chair of such meeting will appoint two inspectors to act with respect to the vote. Each inspector so appointed shall first subscribe an oath faithfully to execute the duties of an inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors will decide upon the qualifications of voters and will report the number of Eligible Votes represented at the meeting and entitled to vote on the question, will conduct and accept the votes, and when the voting is completed, will ascertain and report the number of votes respectively for and against the questions; but as to the election of Trustees, the number of votes received by each candidate will be reported to the presiding officer of the meeting, but need not be reported to the membership at large. Reports of inspectors will be in writing and subscribed and delivered by them to the Secretary of the meeting. The inspectors need not be members of the Association, and any officer or Trustee of the Association may be a inspector on any question, other than a vote for or against his election to any position with the Association or any other question in which he may be directly interested. Inspectors may obtain the opinion of the Association's attorney concerning any matter within the inspector's discretion, as set forth in this section.

Section 11. Order of Business. The order of business at the annual meeting of the members or at any special meetings insofar as practicable shall be:

- a. Call of the roll and certifying the proxies and determining the quorum;
- b. Proof of notice of meeting and waiver of notice;
- c. Approval of the minutes of the previous membership meeting
- d. Appointment of inspectors, if appropriate;
- e. Election of Trustees, if appropriate;
- f. Receiving reports of officers;
- g. Receiving reports of committees;
- h. Membership comments;
- i. Noticed business;
- j. Old business;
- k. New business;
- l. Adjournment.

Section 12. Ascertainment of Votes Needed. Whenever the Governing Documents require a specific percentage or fraction to vote in the affirmative, the percentage or fraction shall be applied to the Eligible Votes, unless any provision of the Master Deed, the Articles of Incorporation or these Bylaws require a percentage of all Unit Owners to approve an action, in which event the total number of votes against which the percentage or fraction shall be calculated is 9, or 10 if the Sponsor exercises his rights reserved under the Master Deed to physically divide Unit 8/9 into two separate units after the execution of the original Master Deed.

Section 13. Minutes. Minutes of every membership meeting shall be taken by the Secretary or the Secretary's designee. A copy of the unapproved minutes shall be available for distribution to any member requesting same in writing to the Secretary, or to the Secretary's designee, no later than 30 days after the meeting.

Section 14. Surveys. Nothing in this Article will preclude the Board from conducting a survey of the members' opinions concerning any matter. Any survey conducted by the Board will be undertaken in writing and mailed to each Unit Owner. Any survey shall include a response form that may be returned by mail or in person to the Secretary, or Secretary's designee, on or before a stated expiration date. The results of any survey will be advisory and is not intended to limit the authority of the Board.

ARTICLE V Board of Trustees

Section 1. Express and Implied Powers. The property, affairs and business of the Association will be managed by the Board of Trustees, which shall have all those powers granted to it by law, the Master Deed, the Articles of Incorporation, and these Bylaws, including, without limitation, the power to:

- (a) Establish, adopt and enforce rules and regulations (the "Rules and Regulations") in connection with the conduct of owners, occupants, guests, visitors and invitees with respect to the Common Elements and the Units; and
- (b) Enforce by any legal means the provisions of the Governing Documents and bringing any proceedings that may be instituted on behalf of or against the owners concerning the Association; provided, the Association will not be obligated to take action to enforce any covenant, restriction or rule which the Board in the exercise of its reasonable business judgement determines is, or is likely to be construed as inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not likely to be successful; and
- (c) Establish such committees in addition to the standing committees referenced in Article XII, as the Board may, from time to time, determine, which committees will serve at the pleasure of the Board and in accordance with the duties and limitations placed upon such committees by the resolution of the Board establishing them; and
- (d) Exercise all powers necessary or reasonably implied to carry out the functions of the Board as set forth in the Master Deed or these Bylaws, it being the intention of this provision to grant the broadest powers reasonably necessary to carry out its functions.

Section 2. Number and Qualifications: Nomination.

- (a) ~~The Board will consist of 3 Trustees, each of whom must be a Resident Unit Owner or Resident Spouse of a Unit Owner, or an officer, director, employee or designee of the Sponsor. So long as the Sponsor maintains a majority of the Board, it shall make no additions, alterations, improvements or purchases which could necessitate a special assessment or a substantial increase in the monthly assessment unless so required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. Nothing contained herein to the contrary shall serve to exculpate members of the Board appointed by the Sponsor from their fiduciary responsibilities.~~

All members of the Association may vote for candidates for all trusteeships. Not more than one resident of a Unit may serve on the Board at any one time. No person may be a candidate for a trustee position who is not a member in good standing. Any sitting Trustee who is declared not to be a member in good standing, and fails to correct the deficiency resulting in the lack of good standing status within 30 days of being declared not to be a member in good standing, shall

be deemed to have vacated his trusteeship, which will be filled in accordance with the terms of Section 5 of this Article.

- (b) Prior to each election of Trustees, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a *bona fide* interest in serving as a Trustee may file as a candidate. The Board may also establish other rules and regulations as it deems appropriate to conduct the nomination of Trustees in a fair, efficient and cost-effective manner, provided that such rules and regulations do not prohibit otherwise qualified Unit Owners, or Resident Spouses, from becoming candidates for a Trustee position. Nominees for a Trustee position may be made at the meeting at which Trustees are to be elected, provided the nominee accepts the nomination in person or by proxy.
- (c) The Board will forward the names of all nominees for election nominated prior to the meeting, to the owners, not later than 10 days prior to the meeting and each candidate will be given a reasonable, uniform opportunity to communicate his or her qualifications to the members and to solicit votes.

Section 3. Election and Term of Office. The Board of Trustees of the Association shall be elected as follows:

- (a) Within sixty (60) days after conveyance of the third Unit, one member of the Board shall be elected by the Unit Owners other than the Sponsor;
- (b) Within sixty (60) days after conveyance of the fifth Unit, the Sponsor's control of the Board shall terminate, at which time, the Unit Owners other than the Sponsor shall elect the entire Board;
- (c) The terms of Trustees elected pursuant to this paragraph shall terminate on the first annual meeting of the Members when all Trustees are Unit Owners;
- (d) Despite paragraphs a and b above, the Sponsor may retain one (1) member of the Board so long as there are any Units remaining unsold in the regular course of business;
- (e) Sponsor may surrender control of the Board prior to the time as specified, provided the owners agree by a majority vote to assume control. However, in no event shall the Sponsor retain control of the Board later than January 1, 2005;
- (f) The Association, when controlled by the Unit Owners, shall not take any action that would be detrimental to the sale or sales of a Unit or Units by the Sponsor and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of control until the last Unit is sold. In

furtherance of the foregoing provisions, for so long as the Sponsor retains one (1) seat on the Board, the Sponsor shall have the right to veto any and all actions of the Board which may have any direct or indirect detrimental impact upon the Sponsor as may be determined in the sole and absolute discretion of the Sponsor. The Sponsor shall exercise its veto right, in its sole and absolute discretion, within ten (10) days after its receipt of notice that a resolution or other action is proposed or has been taken by the Board. In such event, the Sponsor shall notify the Secretary of the Board 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. These 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 (PREDDFA), N.J.S.A. 45:22A-21, et seq.

When the Association is controlled by the Unit Owners,

- (g) Trustees shall be elected by the Unit Owners for a two-year term. The terms of the Trustees will be staggered so that not more than two Trustee positions (except for the filling of an unexpired term) will be subject to election at any annual meeting. The terms of Trustees elected at the annual meeting will commence immediately upon adjournment of the meeting.
- (h) The Trustees shall hold office until their respective successors have been duly elected and qualified, or until removed in the manner elsewhere provided.
- (i) Election of Trustees will be by secret written ballot, submitted in person or by proxy at the annual meeting of the Association. No cumulative voting will be permitted.
- (j) If at any election of Trustees more than twice the number of candidates to be elected are nominated, then and in such event there shall be two ballots. At the end 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 ballot shall be held, and on the second ballot the persons receiving the most 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 ballot, with the persons receiving the most votes being elected in order to fill the vacancies on the Board. Candidates polling the most votes will be considered elected for the longest period of years, if applicable. If the number of candidates do not exceed the number of Trustee positions available for election, the slate of nominees may be elected by motion approved by voice

vote, which motion and vote thereon will be recorded in the minutes of the annual meeting.

Section 4. Removal of Trustees.

- (a) At any duly held regular or special meeting of the members, any one or more Trustees may be removed with or without cause by a majority of the Eligible Votes present (no proxies), provided that (i) the notice of the meeting expressly includes the removal of one or more Trustees, and (ii) the Trustee(s) whose removal is proposed will receive not less than 7 days prior notice of the intention to vote upon his removal, and (iii) the Trustee(s) will be given an opportunity to be heard at the meeting. If the removal one or more Trustees is proposed to be placed on the annual meeting agenda, a petition containing 15 percent of the Eligible Votes must be submitted to an officer of the Association at least 30 days prior to the annual meeting. If one or more Trustee's removal is to be considered at any special meeting of the Association, the procedure established in Article IV, Section 3 will be followed. If a vote to remove a Trustee(s) is approved, a successor(s) may then and there be appointed by a majority of the remaining Trustees to fill the vacancy thus created. Each person so appointed shall be a Trustee until the next annual meeting when an election will be held to fill the vacancy pursuant to Article V, Section 5, below.
- (b) Any Trustee who ceases to be a Resident Owner or Resident Spouse, or who is determined not to be a member in good standing for a period of more than 30 days after being notified that he is not a member in good standing, will automatically be removed as a Trustee.
- (c) Any Trustee missing more than three regular meetings of the Board in a 12-month period without approval of the Board, may be removed by the remaining Trustees, in which case the vacancy will be filled pursuant to Article V, Section 5. below. However, any Trustee whose removal has been proposed by the Board shall be given an opportunity to be heard at a Board meeting prior to the vote for removal.
- (d) In the event that all of the Trustees are removed, successors shall be elected by the members in the manner set forth in Article V, Section 3 herein to fill the vacancies thus created. Each person so elected 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.

Section 5. Vacancies. Vacancies in 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, at any regular meeting of the Board or at any special meeting of the Board called for that purpose, promptly after the occurrence of any such vacancy. Each person

appointed by the Board to fill a vacancy shall be a Trustee until the next annual membership meeting, when an election will be held to fill that Trusteeship pursuant to Article V, Section 3, above. If the annual meeting constitutes the expiration of the term of the Trusteeship filled by appointment by the Board, a successor Trustee shall be elected for a full term. If the annual meeting does not constitute the expiration of the term of the Trusteeship filled by appointment by the Board, the successor Trustee elected to the Trusteeship will serve only for the unexpired term. At any such election the elected candidate receiving the fewest votes will fill the unexpired term. When a member of the Board who has been elected by Unit Owners other than Sponsor is removed or resigns that vacancy shall be filled by a Unit Owner other than Sponsor.

ARTICLE VI

Officers

Section 1. Designation. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer all of whom shall be members of the Board. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as may be necessary in its judgment, provided that such assistants need not be members of the Board. Any person may hold more than one officer position, provided that no person may be designated the President and Vice President.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board of Trustees meeting following each annual meeting and such officers shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of 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.

Section 4. Duties and Responsibilities of Officers.

- (a) The President will be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties that are usually vested in the office of President of an association.
- (b) The Vice-President will take the place of the President and perform the 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 will appoint some other Trustee to so do on an interim basis. The Vice-President will also perform such other duties as shall from time to time be imposed by the Board.

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

(d) The Treasurer will have the responsibility for the custody of Association funds and securities and will be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer will 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.

(e) The Assistant Treasurer, if any, will perform the duties of the Treasurer whenever the Treasurer shall be absent or unable to act.

(f) The Assistant Secretary, if any, will perform the duties of the Secretary whenever the Secretary shall be absent or unable to act.

Section 5. Other Duties and Powers. The officers will have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board.

Section 6. Eligibility of Trustees. Nothing herein contained will prohibit a Trustee from being an officer.

ARTICLE VII

Meetings of the Board of Trustees

Section 1. Notices; Waiver of Notice. Regular meetings of the Board may be held at such time and place as must be determined from time to time by a majority of the Board, but at least 10 meetings must be held each year. Notice of regular meetings of the Board will be given to each Trustee by telephone, mail, telegram or, if accepted in writing by a Trustee as an authorized form of notice, by email, at least 10 days prior to the day of the meeting. Special meetings of the Board may be called by the President on three days' notice to each Trustee given by telephone, mail, telegram or, if accepted in writing by a Trustee as an authorized form of notice, by email, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board may be called by the President or the Secretary in like manner and on like notice on the written request of at least three 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.

Section 2. Meetings Open to Unit Owners; Notice. All meetings of the Board, except conference or working sessions at which no binding votes are taken, will be open to attendance by all members, except that the Board may, at its discretion, exclude or restrict attendance at those meetings, or portions of meetings, dealing with:

- a. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy, including, without limitation, records, data, reports or information relating to an individual's personal or family circumstances, unless the individual concerned or the individual's representative consents, in writing, to public disclosure;
- b. Any pending or anticipated litigation or contract negotiations;
- c. Any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise the ethical duties of a lawyer; or
- d. Any matter involving the employment, promotion, discipline or dismissal of any employee or officer of the Association.

Written notice of the date, time, place and the agenda, to the extent known, of all open meetings of the Board of Trustees shall be given by the Board to all Unit Owners at least 10 days prior to a regular meeting and 3 days prior to a special meeting. Notice shall also (a) be posted in at least one place on the Condominium property that is accessible at all times to all Unit Owners, (b) be filed with the Property Manager, and (c) be mailed, telephoned or hand-delivered to at least two newspapers determined by the Board to have the greatest likelihood of informing the Unit Owners. Moreover, the Board shall also, within 30 days following the annual meeting of the Association, post in at least one place on the Condominium property, mail to two newspapers and file with the Property Manager a schedule of the regular Board meetings to be held in the succeeding year, and make appropriate revisions thereto, as required. The date, time and location of each meeting shall be contained in the notice.

The foregoing notice will not be required in the event of an emergency, provided that only emergent matters may be voted upon at such meeting.

Section 3. Organization. The presiding officer of the Board of Trustees meetings shall be the President, or in his absence, the Vice President, or in the absence of both of them a Trustee selected by the majority of the remaining Trustees. The presiding officer will act as the chair of the meeting. The Secretary, or in his or her absence, a Trustee appointed by the chair, shall act as Secretary of the meeting.

Section 4. Minutes. Minutes of the Board meetings will be taken, and copies of minutes will be made available to Unit Owners at the meeting following their approval by the Board, upon written request of a Unit Owner. Minutes of closed meetings will be taken separately, and

will not be available to Unit Owners, unless otherwise required by law.

Section 5. Agenda. An agenda shall be followed for each meeting and copies of the agenda shall be made available to the Unit Owners at the beginning of each meeting. The agenda shall include, in order:

- a. Calling of the roll; Certification of quorum;
- b. Proof of notice of meeting or waiver;
- c. Approval of minutes of previous meeting;
- d. Membership comments;
- e. Specific topics of business;
- f. Approval of Treasurer's report and bills for payment;
- g. Acceptance of reports of officers;
- h. Acceptance of reports of committees;
- i. Manager's report;
- j. Old Business;
- k. New Business;
- l. Adjournment

Upon motion and approval by a majority of the Board, the order of the agenda may be amended in the discretion of the Board. Each open meeting of the Board will provide for a period of Unit Owner comment following the calling of the roll, which period of Unit Owner comment may not exceed 30 minutes in its entirety, or such longer time as the Board may determine, and the President or acting chair of the meeting may place reasonable limitations upon the time given to each Unit Owner seeking to comment to allow sufficient time for all Unit Owners seeking to comment. The Board will also provide a Unit Owner comment period prior to any vote of the Board concerning: (i) the adoption of rules or regulations; or (ii) the adoption of a budget, provided that the presiding officer may, at the officer's discretion, limit the total comment period to not less than 30 minutes and may reasonably limit comments in such a manner so as to provide each Unit Owner seeking to comment with an opportunity to do so. The failure to provide an adequate comment period or opportunity for each member wishing to comment to do so will not be a basis upon which any action otherwise properly taken by the Board may be voided.

Section 6. Quorum, Voting and Adjourned Meetings. A majority of the Trustees serving on the Board who are present in person at a Board meeting will constitute a quorum for the transaction of business. 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, unless otherwise set forth in these Bylaws. Sponsor designated Trustees may assist in establishing a quorum by proxy submittals. After a quorum of the Board of Trustees has been established, the quorum will remain in effect, despite the subsequent departure or absence of one or more Trustees thereafter, provided that any action taken is approved by at least a majority of the required quorum. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting to a new date. At any such adjourned meeting

at which a quorum is present, any business that may have been transacted at the original meeting may be transacted without further notice. Since all Sponsor designated Trustees will cast identical votes, Sponsor designated Trustees may vote in person or over a telephone if they are not present. Telephone votes of Sponsor designated Trustees shall be cast after the absent Trustee has had an opportunity to participate in discussions by telephone with the Board. After such a vote is cast verbally, it shall be confirmed verbally by a second Trustee.

While the Sponsor maintains a majority of the Board, two (2) Board members shall constitute a quorum. (This is consistent with N.J.S.A. 15A:6-7). Despite anything to the contrary in these Bylaws, the Certificate of Incorporation or the Master Deed and if permitted by law, 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.

Section 7 Joinder in Meetings by Approval of Minutes. The transaction of any business at any meeting of the Board, however called and noticed or whenever held, will be valid as though a meeting duly held after regular call and notice, if a quorum is present; and if 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 approval, shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

Section 8. Non-Waiver. All the rights, duties and privileges of the Board will 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.

Section 9. Consent in Lieu of Meeting and Vote. Despite anything to the contrary in these Bylaws, the Articles of Incorporation or the Master Deed, 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.

ARTICLE VIII Duties of Board of Trustees

Section 1. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following:

- (a) Cause the Common Elements to be maintained according to accepted standards as set forth in the Master Deed and including, but not limited to, such maintenance, painting, replacement and repair work as may be necessary, lawn maintenance and clearing of snow from roadways and walkways as the Board may deem

appropriate. The responsibility for the operation, maintenance, repair, replacement, insurance, care and upkeep of the building in the Condominium, and the Common Elements (except as specifically provided for otherwise), shall become the responsibility of the Association immediately upon conveyance of title to the first Unit in the building to an individual Purchaser by the Sponsor. From and after the conveyance of title to the first Unit in any building, the sole obligation and responsibility of the Sponsor under the Bylaws with regard to the operation, maintenance, repair, replacement, renewal, insurance and protection of each such building shall be to pay to the Association the applicable assessments as specified in paragraph 10 of the Master Deed. Sponsor shall not, however, be obligated to pay any maintenance fees or assessments for Common Expenses other than reserves for so long as Sponsor is providing any subsidy or guarantee to Unit Owners of maintenance fees or assessments for Common Expenses. All repairs and replacements shall be substantially similar to the original application and installation and shall be of first-class quality; and

- (b) 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) 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 21 days in advance by Unit Owners representing at least 15 percent of the authorized votes of the Association; and
- (d) Allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Elements in accordance with the provisions of these Bylaws, the Master Deed and the after damage or destruction by fire or other casualty, or as a result of the condemnation or eminent domain proceedings; and
- (e) 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 thereover, and order the Board of Fire Underwriters or other similar bodies; and
- (f) Place and keep in force all insurance coverages 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 belonging to the Association, and covering the interest of the Association, the Board, 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 applicable Mortgage Holder which shall provide that the loss, if any, thereunder, shall be payable to each applicable Mortgage Holder, its successors and assigns, as its interest may appear, subject to the loss payment provisions set forth in Paragraph __ of 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." 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 may deem 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 an insured against another. Such public liability insurance shall be in a single limit of not less than \$ 5,000,000 covering all claims for personal injury or property damage arising out of any on occurrence. The Board shall review such limits once a year.

- (iii) *Trustees ' Officers' and Committee Member Liability Insurance.* To the extent obtainable in the normal commercial marketplace, liability insurance indemnifying the Trustees, Officers and committee members of the Association against liability for errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000 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) *Water Damage.* Water damage legal liability insurance.
- (vi) *Flood Insurance.* Flood hazard insurance in the event any of the insurable Common elements are located within a federally designated zone of the greater than minimal flood hazard.
- (vii) *Boiler Insurance.* To the extent obtainable in the normal commercial marketplace, boiler explosion 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 \$50,000 or less shall be payable to the Board, and if more than \$50,000 shall be payable to the Insurance Trustee, if any; (ii) required 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 Bylaws; (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 coinsurance or of invalidity arising from any acts of the insured; and (vii) provide that such policies may not be canceled without at least 30 days' prior written notice to all the named insureds, including all Unit Owners and Eligible Mortgage Holders.

All policies shall show the named insured as: "Georgetowne of Morristown 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, if any, and each Eligible Mortgage Holder or other entity named in the mortgage clause at least 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.

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

- (g) Manage the fiscal affairs of the Association as hereinafter provided in Article IX.
- (h) Appoint Judicial Committee members, as hereinafter provided in Article XII, Section 1.
- (i) Appoint Grounds Committee members, as hereinafter provided in Article XII, Section 3.

ARTICLE IX

Fiscal Management

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

Section 2. Budget; Notice of Budget. The budget for each fiscal year shall be approved by the Board of Trustees no later than 30 days before the beginning of the fiscal year, to permit each Unit Owner to be advised of the Annual Assessment allocable to each unit in a timely manner. A copy of any proposed budget shall be available at a Board meeting at least one month prior to the meeting at which the Board is scheduled to vote on the budget, and the Unit Owners shall be given the opportunity to comment on the budget or its component parts. If any budget is amended after the opportunity for Unit Owner comment, the budget need not be presented to the Unit Owners for additional comment before the Board votes on the budget. Members shall be allowed a comment period of not less than 30 minutes, and reasonable limitations may be placed upon the comment time given each Unit Owner seeking to comment,

to allow sufficient time for all Unit Owners seeking to comment. The Board shall give written notice to each Unit Owner and to any Eligible Mortgage Holder who requests same, of the budget adopted by the Board for the management and operation of the Association for the next ensuing budget period. The notice setting forth the amount of the Annual Assessment shall include a copy of the budget, directed to the Unit Owner in accordance with the notice provision contained in Article XXIII of these Bylaws. The notice shall be conclusively presumed to have been delivered five days after deposit in United States mails, postage pre-paid.

Section 3. Common Receipts.

- (a) The Board shall have the duty to collect from each Unit Owner, his, her, or their heirs, administrators, successors and assigns, as "Common Receipts," the proportionate part of the Annual and Special Assessments assessed against such Unit Owner as provided in the Master Deed, the Articles of Incorporation, these Bylaws, and in accordance with applicable law.
- (b) The assessment of annual and special assessments to Market Units will be equal to the assessment against every other Market Unit.

Section 4. Determination of Annual Assessments. The amount of monies for the Annual Assessments deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, will be a matter for the sole discretion of the Board. If an Annual Assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment, and monthly installments on such assessment shall be due upon each installment payment date until changed by the Board by an amended assessment pursuant to Paragraph 10 of the Master Deed. While the Sponsor maintains a majority of the Board, it shall make no additions, alterations, improvements or purchases not contemplated in this Master Deed which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

Section 5. Assessment Period. The annual assessment period shall be consistent with the Association's fiscal year.

Section 6. Special Assessments. The Board may impose special assessments in accordance with paragraph 10 of the Master Deed.

Section 7. Assessment Collection; Notice of assessment. Annual assessments shall be payable by Unit Owners upon the commencement of the fiscal year, with the privilege of paying in monthly installments, due on the first day of each month, provided that all payments are made on a current basis. The Board shall notify each Unit Owner, as specified in Article XXIII of these Bylaws, within the 30 days preceeding the commencement of the fiscal year, of the amount of the Annual Assessment for the assessment period. Notices of Special Assessments will be made in the same fashion when imposed, but not less than 30 days in

advance of the first specified payment date.

Section 8. Disbursements. The Board will collect 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, the Articles of Incorporation, and applicable law.

Section 9. Depositories. The depository of the Association will be a bank or banks, or other financial institutions providing a reasonably secure depository for the funds of the Association as will be designated from time to time by the Board and in which the monies of the Association will 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 the manager to sign checks on behalf of the Association for payment of the obligations of the Association, if the proper fidelity bond is furnished to the Association.

Section 10. Accounts. The receipts and expenditures of the Association shall be common expense assessments and common expenses. Common expense funds of the Association shall be budgeted and maintained in three separate accounts: Annual Expense Fund; Deferred Maintenance Reserve Fund; and Capital Reserve Fund.

- (a) The Annual Expense Fund shall be utilized for, without limitation, expenditures for the year in which the budget is adopted and will include general common element maintenance (e.g. landscaping, irrigation, snow clearing, etc.), utility charges, annual insurance premiums, professional fees, and the like, and including reasonable allowances for contingencies and working funds. The Annual Expense Fund will not include expenditures chargeable to reserves. At the end of each fiscal year, the unexpended amount remaining in the annual expense fund shall be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership, as the Board may determine by resolution, or as otherwise may be required to be determined in accordance with the regulations promulgated by the Internal Revenue Service.
- (b) The Deferred Maintenance Reserve Fund may include money accumulated over more than one fiscal year, and will be used for preservation efforts and maintenance which would occur less frequently than annually (e.g. resurfacing of pavements on streets, parking areas; restriping; exterior painting, staining, and caulking; interior painting in hallways; waterproofing all exterior wood surfaces; driveway sealcoating, etc).
- (c) The Capital Reserve Fund may include money accumulated over more than one fiscal year and will be used for repairs to, or replacement of capital assets of the Association. The capital improvements are those that the Association is obligated to maintain or repair, and those that the Association is required to replace as a result of damage, depreciation or obsolescence (e.g. roofs, sidewalks, and the

like). As long as the Sponsor maintains a majority of the Board, Sponsor shall make no additions, alterations, improvements or purchases which necessitate a special assessment or a substantial increase in the monthly assessment unless so required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. Repair and/or maintenance, or replacement of the buildings, Common Elements, recreation facilities and all other property, real or personal, of the Association shall not be subject to provisions of this paragraph. The Board may impose upon each Unit Owner, upon acquisition of title to his Unit, to be collected from Sponsor or the Association if a sale of a Unit from a person other than Sponsor, a nonrefundable contribution to the capital of the Association in an amount equal to three (3) months of the then current annual maintenance fee for the Unit at the time of its acquisition. If imposed, payment of such fee shall be a condition precedent to membership in the Association. Any unpaid contribution to capital shall be deemed a lien on the Unit in the same manner as any unpaid Common Expenses attributable to such Unit.

- (d) The three funds shall be maintained separately on the books of the Association, and shall be prudently invested. The Board may expend monies out of the Deferred Maintenance Reserve Fund only for deferred maintenance expenses and may expend monies out of the Capital Reserve Fund only for repair, replacement and maintenance expenses related to capital items, provided, however, that in the case of an emergency, or other urgent circumstance, the Board, acting in accordance with its fiduciary responsibilities, may use the monies in the Deferred Maintenance Reserve Fund or Capital Reserve Fund to meet unexpected operating expenses.

The amount to be set aside for the two reserve accounts will be determined by periodic reserve analysis to be conducted every three to five years, but in no event more than seven years, which shall identify items for which reserve funds are to be accumulated, their useful lives and anticipated replacement or repair costs. Expenditures from the reserve accounts for a particular item will not be limited to the amount allocated to that item.

Section 11. Deficits in the Annual Expense Fund. Any deficit in the Annual Expense Fund at the end of an assessment period shall be recovered through appropriate adjustments to the annual budget over in not more than three years. Nothing herein is intended to prohibit the Board from recovering the deficit in a shorter period of time including, without limitation, adopting a special assessment payable over the remaining months of the annual assessment period following the fiscal year during which the deficit was created.

Section 12. Reserve Funds. The Board will not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, deferred maintenance repairs and capital replacements. Notwithstanding anything herein to the contrary, the Board in its determination of the annual assessment and the preparation of a budget shall specifically designate and identify that portion of the annual

assessment that is to be assessed against the Unit Owners for capital replacement and deferred maintenance reserves. The amounts assessed and collected for the reserves shall be invested in one or more interest-bearing savings accounts, certificates of deposit, treasury bills, or other instruments where the principal is guaranteed by the full faith and credit of the United States or one of its individual states. Any funds so invested 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.

Section 13. Closing Contributions. Upon acquisition of title to a Unit, a non-refundable fee for membership in the Association will be assessed in an amount to be determined by the Board, but not to exceed an amount equal to three monthly installments of annual assessment then in effect. The monies so collected may be utilized in any manner as the Board may, in its sole discretion, determine. This grant of discretion shall apply equally to the Sponsor-controlled Board as well as the Unit Owner-controlled Board. In no event will the Sponsor be obligated to account for the disbursement of the closing contributions so long as such monies were utilized for any lawful purpose. Payment of the closing contribution will be due upon the closing of title to a Unit. Payment of such fee shall be a condition precedent to membership in the Association. Any unpaid membership fee shall be deemed a lien on the Unit in the same manner as any unpaid Annual Assessment attributable to such Unit. After the Sponsor sells its last Unit, the Board may reduce the amount of the closing contribution, or may eliminate the requirement for a closing contribution if, in the sole discretion of the Board, it determines that the imposition of a closing contribution may have a negative impact upon the sale of Units within Georgetowne of Morristown Condominium. If, at any time, the Board reduces or eliminates the closing contribution, it may reinstate it at any time thereafter if the Board determines that such charges will not negatively impact the sale of Units. In no event will the Association be obligated to rebate closing contributions previously paid as a result of the Board having, on one or more occasions, reduced or otherwise eliminated the requirement that closing contributions be paid.

Section 14. Exemption from Assessments for Capital Improvements. Anything to the contrary herein notwithstanding, neither the Sponsor nor any First Mortgagee for any Unit shall be required to pay any assessment for capital improvements, including reserves, of any kind, whether by way of regular or special assessments or otherwise. Further, this provision may not be amended without the written consent of every Eligible Mortgage Holder.

Section 15. Emergencies. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board in accordance with Paragraph 10 of the Master Deed, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency which cannot be met by reserve funds earmarked for such contingency.

Section 16. Power of Attorney to Institutional Lender. In the event the Board shall not cause the enforcement procedures provided in the Master Deed to be implemented within the

time provided, any Eligible Mortgage Holder for any Unit as to which there shall be such unpaid Annual or Special 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.

Section 17. Annual Audit. While the Sponsor maintains a majority of the Board, it shall have an annual audit of Association funds prepared by an independent public accountant, a copy of which shall be delivered to each Unit Owner within ninety (90) days of the expiration of the fiscal year of the Association. The Association, at least quarterly, shall supply the Sponsor with an unaudited financial statement at no cost to the Sponsor until the closing on the last Unit. The audit shall cover the operating budget and reserve accounts. Once the Association is controlled by the Unit Owners, the Board shall submit the books, records, and memoranda of the Association to an annual audit by an independent certified public accountant immediately upon the close of each fiscal year, who shall audit the same and render a report thereon in writing to the Board within two months of the close. The Board and the accounting firm shall issue an annual financial report within four months of the close of the fiscal year; transactions for the year shall be reported on both an accrual and cash accounting basis. The published annual report shall be sent to all Unit Owners and Eligible Mortgage Holders requesting a copy.

Section 18. Inspection. The audited books, as well as all records and papers of the Association, shall be made available for examination or for copying by any member and his authorized agents, during reasonable business hours, in the offices of the property manager or such other place reasonably convenient to both the common interest community and the requesting member, within 14 business days of such written request by the member, except any records: (1) the disclosure of which would constitute an unwarranted invasion of individual privacy; (2) concerning pending or anticipated litigation or contract negotiations; (3) 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) involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association; however, increases in the amounts of compensation awarded to an employee of or under contract with the Board shall not be deemed a matter of personal privacy. If a member requests copies of any documents required to be made available under this Section, the Association shall make a copy for the member at a reasonable cost to the member, or may permit the member to make copies, at the discretion of the Association. Notwithstanding the 14 business days' notice requirement of this section, the Association shall be entitled to respond within a reasonable time period for requests for records spanning more than one year, or for requests which will require the copying of voluminous documents.

Section 19. Fidelity Bonds. While the Sponsor maintains a majority of representation on the Board, he shall cause a fidelity bond or other guarantee acceptable to the New Jersey Department of Community Affairs, Division of Codes and Standards, in such amounts as may be required by law. The amount of the bond or other guaranty shall equal or exceed the Association's capital reserves and operating budget amounts for the first year of operation and, thereafter, shall equal or exceed the amount of the Association's capital reserves. Once the Association is controlled by the

Unit Owners, the Treasurer, and all other officers who are authorized to sign checks, and all persons handling or responsible for Association funds, shall also be bonded. The premiums on such bonds shall be paid by the Association.

Section 20. Delinquent Unit Owner.

- (a) "A Delinquent Unit Owner" means a Unit Owner who owes any annual or special assessment or any other charges to the Association that are 30 or more days past due.
- (b) Late fees may be levied on a Unit when an assessment is not received within 10 days of the due date; the Unit Owner shall be so notified and billed by the Association. The late fee shall be in an amount to be determined by the Board by resolution and will be applied to each installment that is not paid by its due date. If an installment remains late for more than one month, the Board may accelerate all remaining installments for the assessment period for the Unit; the Unit Owner(s) shall be notified by certified mail return receipt requested upon acceleration. All installments of the annual assessment that are more than 30 days late shall bear interest until the installment is paid, at such rate as may be established by resolution of the Board. If any installment of the annual assessment is more than 60 days past due, the Board may cause the recording of a notice of lien with the Morris County Clerk's Office. If any installment is not received within 90 days after the date it was due, the Board may foreclose the lien in the manner prescribed for the foreclosure of mortgages, or commence an action against the Unit Owner(s) seeking payment of all outstanding amounts. All costs and legal fees incurred by the Association to recover any past due installment shall be paid by the Delinquent Unit Owner and will be assessed against the Unit and may be collected in the same manner as the collection of the annual assessment.

Section 21. Assignment of Rent.

- (a) Subject to the rights of holders of first security interests, the Association may collect from the rent due from a tenant to a Delinquent Unit Owner, as defined in this Section 21, an amount not more than the unpaid assessments, late fees, interest, and costs of collection, including reasonable attorneys' fees (collectively, "charges").
- (b) Prior to taking any action permitted by this Section, the Association will give written notice by certified mail, return receipt requested to the Delinquent Unit Owner at the Unit Owner's last known address of the Association's intent to collect the rent. The notice will set forth the exact amount the Association claims is due and will indicate the intent of the Association to collect the past due charges from rent, along with any other amounts that become due in the future

and that remain unpaid for 30 days after becoming due, including any Annual Assessment fees lawfully accelerated pursuant to the Master Deed and Bylaws. A copy of the notice will also be sent to the Unit's First Mortgagee. Any cost incurred by the Association to ascertain the identity of the First Mortgagee, including the cost of the preparation of a title search, will constitute additional charges with respect to the Unit.

- (c) A Delinquent Owner will have 10 days from receipt of the notice required to be sent pursuant to paragraph (b) above to provide proof of payment or a statement of the grounds upon which the assessment is disputed. Upon the failure of the Delinquent Owner to respond within 10 days after receipt of the notice, or within 15 days of mailing if no receipt is obtained, and provided that no notice is received from the First Mortgagee that it is exercising its right of assignment of rental proceeds, the Association will be entitled to notify and direct each tenant renting a Unit from the Delinquent Owner to pay all or a portion of the rent otherwise due from the Delinquent Owner to the Association. The amount to be applied from the rent will be limited to the lesser of: (i) the amount as stated in the notice to the Delinquent Owner or, (ii) an amount adjusted to reflect any calculation errors sought to be corrected by the Unit Owner, as stated in the response to the Association, if timely sent. No offset will be allowed for amounts that are unrelated to claims of calculation errors. The Association will have a continuing right to collect the rent from the tenant or tenants until the delinquent charges are paid in full.
- (d) Nothing in this Section will prevent a Unit Owner or the Association from seeking a judicial remedy in a court of competent jurisdiction.
- (e) This Section will not affect the right of a First Mortgagee that is entitled to an assignment of rents and which as exercised its rights by written notice recorded in the Morris County Clerk's Office and such First Mortgagee may collect such rents in accordance with an assignment of rents under which it is an assignee.

Section 22. Termination of Membership. No obligation or liability of a Unit Owner that accrued during ownership of a Unit shall expire, terminate or be waived upon termination of membership, nor shall termination of membership impair any rights or remedies that the Association may have against any former owner.

Section 23. User Fees. In addition to other charges or assessments provided for in this Article, the Board may also assess user fees under the terms of Paragraph 12(B)(vi)(c) of the Master Deed.

Section 24. Sponsor's Ownership and Assessment Obligations. From and after the conveyance of title to the first Unit in any Building dedicated to the Condominium, if there are unsold Units in such Building, the Developer is deemed the Owner of the unsold Units under the

same terms and conditions as all other Unit Owners. The obligation of Developer to pay any type of Common Expense or other assessments, including reserves for a particular Unit in a Building, commences on the date that the Unit is issued a municipal certificate of occupancy, subject to the Developer's duty to pay for benefits it derives from the Association. The Developer is not, however, obligated to pay any Common Expense or other assessments except reserves for so long as Sponsor is providing any subsidy or guarantee of maintenance fees or Common Expense Assessments to Unit Owners. For purposes of this paragraph, "Unsold Units" means any Units, title to which has not been transferred from the Sponsor to an unrelated third party.

ARTICLE X

Corporate Seal

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

ARTICLE XI

Compensation, Indemnification and Exculpability of Officers, Trustees, and Committee Members

Section 1. Compensation. No compensation will be paid to any officer, Trustee, or committee member for acting as such officer, Trustee, or committee member. Nothing herein stated will prevent any officer or 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.

Section 2. Indemnification. Each Trustee, officer or committee member of the Association will 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, or delegee, except as to matters as to which he will be ultimately bound in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification will 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.

Section 3. Exculpability. Unless acting in bad faith, neither the Board as a body nor any Trustee, officer, or any committee member of the Association, 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 will be bound by the good faith actions of the Board, officers and

committee members. Nothing contained herein shall serve to exculpate any Board members appointed by the Sponsor from their fiduciary duties.

ARTICLE XII

Standing Committees

Section 1. Judicial Committee.

- (a) Membership. The Board shall act as the Judicial Committee, with all the powers and responsibilities associated therewith, unless and until it appoints non-Board members to serve on the committee. In that event, there shall be a Judicial Committee consisting of not less than three members and may include two alternates. The alternates may be invited to attend meetings and hearings and shall participate as a voting member of the committee upon direction of the committee chair. The members of, and alternates to, the Judicial Committee will be appointed by the Board and will serve for a term of one year. The committee members may recommend a chair to the Board, and the Board will appoint a chair for a 1-year term. The members of, and alternates to, the Judicial Committee may be removed by a majority vote of the fully constituted Board for any reason deemed sufficient by the Board. No member of the Board may serve on the Judicial Committee.
- (b) Purpose. The purpose of the Committee will be to:
- (1) Hear complaints involving alleged violations of the Governing Documents; and
 - (2) Provide interpretations of the Governing Documents upon request.
- (c) Powers. The Judicial Committee will hear complaints brought by any member of the Association, its Committees or Association Property Manager as set forth in the Enforcement Procedures in Schedule "A" to the Bylaws. The Judicial Committee may decline to schedule a hearing in connection with any matter with respect to which it determines that sufficient cause does not exist to prosecute an alleged violation or that the alleged violation, if proven, does not constitute a violation of the Governing Documents. The Judicial Committee will have the power to issue a cease and desist request to a Unit Owner in connection with the actions of the owner, his guests, tenants, licensees or invitees that are inconsistent with the provisions of the Condominium Act or the Governing Documents. The Judicial Committee will from time to time, as required, provide interpretations of the Governing Documents pursuant to the intents, provisions and qualifications thereof when requested to do so by an Association member, the Board, or the property manager.

Any action, ruling or decision of the Judicial Committee may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party or the Board may, on its own motion, review any action, ruling or decision of the Judicial Committee and a vote of a majority of the full authorized membership of the Board may modify or reverse any action, ruling or decision. Any appeal shall be filed with the Board within 25 days of the Judicial Committees' written action, ruling or decision. Appeals shall be conducted as set forth in the Enforcement Procedures in Schedule "A" to the Bylaws.

If the Board undertakes a review of any action, ruling or decision on its own motion it must notify the Judicial Committee and all members directly affected by the action, ruling or decision within 25 days of the Judicial Committee's written action, ruling or decision. A final decision of the Board must be taken within 60 days of such appeal. The Board must take action at its regularly scheduled meeting or at a special meeting for such purpose. The party appealing to the Board will be entitled to at least 10 days' prior written notice of the decision of the Board's action affording to such person the opportunity to be heard, with or without counsel.

- (d) Authority. The Judicial Committee, in the case of a decision, shall have the additional duties, powers and authority as set forth in the Enforcement Procedures in Schedule "A" to the Bylaws including the power (1) to impose an obligation for the Unit Owner to pay damages or other expenses caused by the a violation, (2) to impose non-monetary penalties and other sanctions, including suspension of the right to use the Association's facilities by the Unit Owner, his family, guests and lessees, and (3) to impose fines. A schedule of fines is included in Schedule "B". The enforcement procedures in Schedule "A" and the fines in Schedule "B" to these Bylaws may, from time to time, be amended by the adoption of a Resolution by the Board.

If, having established a Judicial Committee, the Board determines there are insufficient members willing to serve, the Board will carry out the duties and responsibilities of the Judicial Committee as set forth in these Bylaws.

Section 2. Grounds Committee.

- (a) The Board shall act as the Grounds Committee, with all the powers and responsibilities associated therewith, unless and until it appoints non-Board members to serve on the committee. In that event, there will be a Grounds Committee consisting of not less than three members. The members of the Grounds Committee shall be appointed by the Board and shall serve for a term of one year, at the pleasure of the Board. The committee members will recommend a chair to the Board, who will appoint a chair for a 1-year term. At least one Board member will be a member of the Grounds Committee, but may not be its chair.

- (b) The Grounds Committee will be responsible for architectural control and grounds maintenance.
- (c) With respect to architectural control the Grounds Committee will be responsible for monitoring the Common Elements of the Association including the exterior of all buildings to ensure that no modifications have been made without approval by the Board as set forth in this section and the Rules and Regulations.
- (d) Any member desiring to make a modification to the exterior of his Unit must submit a detailed request for the modification in writing to the Board for review by the Grounds Committee. The Grounds Committee will review the request and determine whether the request is harmonious with the architectural style of the Georgetowne of Morristown Condominium Condominium, and otherwise complies with the terms of the Governing Documents. The recommendation of the Grounds Committee will be submitted to the Board within 60 days of receipt of a complete application by the Grounds Committee. The Board's approval or disapproval of the request will, within 30 days following receipt of the recommendation of the Grounds Committee, be forwarded to the applicant, with a copy to the chair(s) of the Grounds Committee.
- (e) The Association, acting through the Board, may remove any exterior modification requiring approval by the Board, that has not obtained such approval, and may also make any repairs necessary as a result of such removal, and charge the entire cost thereof to the offending Unit.
- (f) With respect to grounds maintenance, the Grounds Committee will have the responsibility to monitor, note, and recommend action to maintain the integrity of the Common Elements. The Grounds Committee may also recommend additions or modifications to the Common Elements. It will also solicit and receive comments from all Unit Owners with respect to the maintenance of the Common Elements and those actions believed necessary in order that the Association properly carries out its function to maintain and preserve the Common Elements.
- (g) The Grounds Committee will develop specifications for the procurement of maintenance contracts relating to the Common Elements. It will review proposals submitted by candidate suppliers of services, including but not limited to landscaping, snow clearing, gutter cleaning, street sweeping, painting, repair work, window washing, irrigation, and the like, and will make appropriate recommendations to the Board in connection with the selection of contractors.
- (g) The Grounds Committee may also monitor the performance of contractors in connection with the nature of services described in this paragraph.

- (h) The Grounds Committee will coordinate its functions with the Association's Property Manager. The Committee may request the property manager to act in its stead or on behalf of the Board with respect to any individual matter concerning its architectural control or grounds maintenance function.

ARTICLE XIII

Reconstruction, Repair and Replacement of Existing Common Elements

In addition to the other assessments authorized in Paragraph 10 of the Master Deed, the Board may levy, in any assessment year, a special common expense assessment, for the purpose of defraying in whole or in part, the cost of any reconstruction, repair or replacement of an existing Common Element, including the necessary furniture, fixtures, equipment, and other personal property of the Condominium Association, or for any other lawful purpose. Nothing in this Article will be deemed to require approval by the membership in connection with the maintenance, repair or replacement of an existing Common Element. However, in the case of replacement, it must be substantially similar to the Common Element being replaced, subject to such modifications as are required as a result of modifications in any building code or other law or regulation applicable to the replacement.

ARTICLE XIV (Reserved)

ARTICLE XV Enforcement

The Board has powers of enforcement with respect to the terms of the Master Deed, these Bylaws including the Enforcement Procedures in Schedule "A", and the Georgetowne of Morristown Rules and Regulations, once adopted by the Board and published, as set forth in Paragraph 22 of the Master Deed.

ARTICLE XVI

Amendments

(1) General. The provisions of these Bylaws, other than this Article, may be amended or repealed by an instrument in writing, signed and acknowledged by the President and Secretary of the Association, certifying that such amendment has been approved by either of the following methods:

- (a) By the affirmative vote of all members of the fully constituted Board of Trustees, provided the Board notifies the Unit Owners of the proposed amendment and

includes a written ballot with the notice. The amendment will be deemed rejected, and of no force or effect, if 20 percent or more of the Eligible Votes reject the proposed amendment and the Association receives, at the address stipulated in the notice, the ballots rejecting the proposed amendment within 30 days following the mailing of the notice. Otherwise, the amendment will be effective on the 31st day following the mailing of the notice to the Unit Owners and its subsequent recording in the office of the Morris County Clerk.

- (b) By the vote of at least a majority of Eligible Votes present in person or by proxy at a duly held annual or special meeting of the members upon which proper notification of intent to amend has been given to the Unit Owners, and at which a quorum is present. Notice of the meeting shall include the exact language of the amendment or proposed repeal. Amended text may be proposed by the Board or by written petition of 20 percent of Units in good standing. A duly approved amendment shall be effective upon its recordation in the Morris County Clerk's Office.
- (c) By the Board upon approval by a vote of all members of the fully constituted Board, solely when necessary to render these Bylaws in compliance with any applicable law as set forth in a written opinion issued by the Association's attorney, but only to the extent necessary to render the Bylaws compliant.
- (d) An amendment will be effective upon its recordation in the Morris County Clerk's Office. Notice of any amendment adopted under this provision shall be distributed to the Unit Owners within 30 days of receipt of the recorded amendment, provided, however, that the failure to distribute the recorded amendment will not render the amendment ineffective and void.
- (e) The Sponsor shall not be permitted to cast any votes held by him for unsold lots, parcels, Units or interest for the purpose of changing the permitted use of a lot, parcel, Unit or interest, or for the purpose of reducing the Common Elements or facilities.

ARTICLE XVII

Conflict; Invalidation

Section 1. Conflict. Anything to the contrary herein notwithstanding, if any provision of these Bylaws is in conflict with or contradiction of the Master Deed, the Articles of Incorporation or with the requirements or any law, then the requirements of the Master Deed, the Articles of Incorporation or law shall be deemed controlling.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the enforceability or affect the remaining provisions of the Bylaws.

ARTICLE XVIII

Dissolution

Section 1. Procedure. In the event it is deemed advisable and for the benefit of the Members of the Association that the Association should be dissolved, the procedures concerning dissolution set forth in the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:1-1 et seq., shall be followed.

Section 2. Distribution of Assets. In the event of dissolution, the assets of the Association, after the payment of all debts including mortgages and other encumbrances, shall be distributed to the Unit Owners in proportion to the fair market value of their respective Units.

ARTICLE XIX

Professional Management Agreements

Any Sponsor-affiliated agreement for professional management of the Association, or any other contract providing for services of the Sponsor, may not exceed one (1) year. Any non-Sponsor-affiliated agreement for professional management of the Association, or any other contract providing for services of the Sponsor, may not exceed two (2) years. Any such agreement must provide for termination by either party (a) without cause and without payment of a termination fee on ninety (90) days written notice and (b) for cause upon thirty (30) days written notice.

ARTICLE XX

Notice

Any notice required to be sent to any Unit Owner under the provisions of the Master Deed, the Articles of Incorporation or these Bylaws shall be deemed to have been properly sent and notice thereby given, when sent by U.S. mail, regular post with postage prepaid, addressed to the Unit Owner at the address on the records of the Association at the time of such mailing, unless otherwise set forth in the Master Deed or in these Bylaws. Notice to one of two or more owners of a Unit shall constitute notice to all owners. Notice shall be deemed to have been received five days after mailing in a regular depository of the United States mail. It shall be the obligation of every Unit Owner to immediately notify the property manager of the Association in writing of any change of address. Valid notice, which shall be effective upon delivery, may also be given to a member by (i) personal delivery to any occupant of a Unit over 14 years of age or (ii) by affixing the notice to or sliding same under the front door of any Unit.

ARTICLE XXI

Alternative Dispute Resolution ("ADR")

Section 1. When ADR is to be Offered. Whenever the Board reasonably determines that a dispute exists between the Association and any member of the Association, or between members of the Association that relates to: (a) the use of a Unit; or (b) an interpretation of the use restrictions, rules or regulations contained in the Governing Documents with respect to the use of the Unit, the use of the Common or Limited Common Elements or the permitted behavior of a member or resident of the Georgetowne of Morristown Condominium Condominium, and the Board reasonably concludes, with or without the advice of its attorney, that the dispute may result in litigation, the Association will offer a method of dispute resolution as set forth below.

Section 2. Designation of Method of ADR. In the event any dispute arises between the Association and a Unit Owner or between Unit Owners with respect to a matter described in Section 1 of this Article, the Association, through the Board, will offer alternative dispute resolution prior to the commencement of litigation or, where litigation is commenced, as soon as the Board receives notice of any litigation involving a matter described above. The Board may satisfy the obligation described in this Article by offering any of the following methods of ADR:

- (a) Mediation by a qualified third-party mediator designated by the Board;
- (b) Non-Binding arbitration by a qualified third-party arbitrator designated by the Board;
- (c) Binding arbitration by a qualified third-party arbitrator designated by the Board;
- (d) Mediation by a person or persons who are not specifically trained in mediation, but who have expertise in community association matters and who have no personal interest in the matter in dispute and who are not Unit Owners. Persons who would qualify under this provision include persons who are members of the Board or Trustees for a community association other than Georgetowne of Morristown.
- (e) Mediation by such other person as the Board may designate, including a person who is a Unit Owner, provided that all parties to the dispute consent to the designation of such a person.

Section 3. Notice of Acceptance. No member of the Board may act as a mediator or arbitrator. Following the Board's determination to offer ADR under this Article, the Board will provide notice to all parties to the dispute by personal delivery or certified U.S. mail, return receipt requested. The notice shall advise the parties to the dispute of the method of dispute resolution selected by the Board and shall provide a response form indicating whether the person involved in the dispute accepts or rejects the method of dispute resolution from sub-paragraphs

(a) through (e) above. If the Board selects a method of dispute resolution utilizing subparagraph (a) through (d) above, and one or more persons involved in the dispute reject the offer of alternative dispute resolution, the Board will have satisfied its obligation under this Article and will have no further obligation. If the Board selects a method of dispute resolution utilizing subparagraph (e) above, and one or more persons involved in this dispute rejects the offer of dispute resolution, the Board shall offer an additional method of dispute resolution in the same manner as provided above. The notice advising a Unit Owner of the designation of a method of ADR will provide that the Unit Owner must accept the Board designation method within a specific time period, but in no event less than 10 days following the date of the letter offering ADR. Whenever the expiration date falls on a Saturday or Sunday or legal holiday, the expiration date will be the following business day. If a Unit Owner does not agree to participate in the ADR method offered by the Board on or before the expiration date, the Unit Owner will be deemed to have rejected the offer.

Section 4. Scheduling of ADR. Upon receipt of acceptance of a designated method of ADR from all necessary and indispensable parties to a dispute, the Association will offer a minimum of two alternative dates and times for the ADR procedure. At least one of the alternate dates and times will be during non-business hours to accommodate the working schedules of the participants. The location of the ADR procedure will be on the grounds of the Association or at a location reasonably convenient to the participants. The notice of the alternate dates and times for ADR will provide that if a recipient does not respond within five days of the date of the notice, the nonresponding participant will be deemed to have rejected ADR. If the response from the participants does not indicate a mutually acceptable date and time for ADR, the Association will make one attempt to obtain a date and time reasonably acceptable to the participants, but if unsuccessful in that attempt, will have no further obligation under this Article.

Section 5. Participation by the Board. If any dispute that is subject to ADR pursuant to this Article includes the Association as a participant in the dispute, at least one member of the Board will be present at the ADR hearing, and the Board will make available such employees or agents of the Association that are necessary in order that the Association fully participate in the ADR process. If the method of ADR selected is a form of mediation and the dispute involves the Association as a party, the Board will authorize the attending members of the Board to have the power and authority to act on behalf of the Board, but may impose reasonable limitations on the authority and power granted.

Section 6. Procedures. The ADR hearing is intended to be an informal process, despite the form of ADR mechanism chosen. As a result, technical rules of evidence will not apply, provided however, that the person presiding over the ADR proceedings may require the administration of oaths and may exclude irrelevant, immaterial or unduly repetitious testimony or evidence. Any party to an ADR proceeding may, but is not required to, be represented by an attorney. The person presiding over the ADR process will determine all other procedures applicable to the hearing, including the length of the hearing, the order of presentation and, where appropriate, whether additional hearing dates are required or desirable in order to resolve the dispute. The person presiding over the ADR procedure may also, prior to the ADR hearing,

request the parties to produce documentary evidence that the presiding person believes to be helpful or relevant to resolving the dispute.

Section 7. Fees and Costs. When the Board designates a form of ADR that requires a fee to be paid to the presiding person, the Association will bear the expense of the presiding person. All other costs, such as, but not limited to, the fees of any attorneys representing the individual parties, will both be borne by the respective parties.

Section 8. Non-Applicability of ADR. Despite anything to the contrary contained in this Article, no ADR need be offered in a matter solely concerning the collection of maintenance fees nor prior to the commencement of any litigation that seeks emergent relief in order to maintain the *status quo ante*.

ARTICLE XXII

Gender and Number

The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

ARTICLE XXIII

Immunity

In accordance with N.J.S.A. 2A:62A-13, the Association will not be liable in any civil action brought by or on behalf of a Unit Owner to respond to damages as a result of bodily injury to the Unit Owner occurring on the Association Land, the Common Areas or within a Unit. This grant of immunity from liability will not be effective if the Association causes bodily injury to a Unit Owner by its willful, wanton or grossly negligent act of commission or omission.

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