

BY-LAWS
OF
UNIVERSITY SQUARE, A CONDOMINIUM

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BYLAWS
OF
UNIVERSITY SQUARE CONDOMINIUM ASSOCIATION

ARTICLE I

Introductory Provisions

1.1. Applicability. These Bylaws provide for the governing of University Square Condominium Association ("Condominium"), pursuant to the requirements of Section 3306 of the Pennsylvania Uniform Condominium Act (the "Act"). The Land located in Northampton County, Pennsylvania, and more particularly described in the Declaration, has been submitted to the provisions of the Act by recording of the Declaration among the land records of Northampton County in Misc. Book Volume 360, at Page 108.

1.2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3. Compliance. Pursuant to the provisions of the Act, every Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

1.4. Office. The office of the Condominium, the Unit Owners Association and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II

Unit Owners Association

2.1. Composition. The Unit Owners Association (the "Association") is hereby organized on the date hereof as an unincorporated association. The Association shall consist of all of the Unit Owners acting as a group in accordance with the Act pursuant to the Declaration and these Bylaws. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Act and the Declaration. Except as to those matters which the Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in Article III of these Bylaws.

2.2. Annual Meetings. The annual meetings of the Association shall be held on the 20th day of September of each year (or one hundred days before the beginning of the fiscal year), unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings, the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.4 of these Bylaws. So long as the Declarant shall own Units representing more than twenty-five percent (25%) of the aggregate Percentage Interests (but in no event after the

expiration of the maximum time permitted by Section 3303(c) of the Act), the Declarant shall be entitled to designate at least two members of the Executive Board who shall serve for the shortest terms.

2.3. Place of Meetings. Meetings of the Association shall be held at such suitable place convenient to the Unit Owners as may be designated by the Executive Board.

2.4. Special Meetings.

a. The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent (25%) of the aggregate Percentage Interests. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

b. Within sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Units to Unit Owners other than the Declarant that may be built pursuant to the Declaration, a special meeting of the Association shall be held at which one member of the Executive Board designated by the Declarant shall resign (such member to be selected by the Declarant), and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect a successor member of the Executive Board to act in the place and stead of the one resigning. Such

successor shall serve until the annual meeting of the Association following the meeting at which he was elected.

c. Within sixty (60) days immediately preceding the date by which all Declarant appointed members of the Executive Board must resign, a special meeting of the Association shall be held at which all of the members of the Executive Board designated by the Declarant shall resign, and the Unit Owners, including the Declarant, if the Declarant owns one or more Units, shall thereupon elect successor members of the Executive Board to act in the place and stead of those resigning.

d. Notwithstanding the foregoing, if any meeting required pursuant to subparagraph b and c above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

2.5. Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association at least twenty (20) but not more than sixty (60) days, and of each special meeting of the Association at least ten (10) but not more than sixty (60) days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 8.1 of the Bylaws shall be considered service of notice.

2.6. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Unit Owners of a

majority of the Percentage Interests who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours (48) after the time the original meeting was called.

2.7. Voting. At all meetings of the Association, each Unit Owner is entitled to a vote in proportion to the Unit Owner's Percentage Interest in the Condominium. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit, who is present. If more than one person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 3310(a) of the Act. There shall be deemed to be unanimous agreement, if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to

cast the vote of such Unit at any meeting of the Association. Except where a greater number is required by the Act, the Declaration or these Bylaws, the owners of more than fifty percent (50%) of the aggregate Percentage Interests in the Condominium voting in person or by proxy at one time at a duly convened meeting at which a quorum is present ("Majority of the Percentage Interest of Unit Owners") is required to adopt decisions at any meeting of the Association. Any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests in the aggregate. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

2.8. Proxies. A vote may be cast in person or by proxy. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding

over the meeting of written notice of revocation from the grantor(s) of the proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

2.9. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners whose Percentage Interest is twenty-five (25%) percent or more shall constitute a quorum at all meetings of the Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if persons entitled to cast ten percent (10%) of the votes, which may be cast for the election of the Executive Board, are present in person or by proxy at the beginning of the meeting.

2.10. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then-current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act.

Voting shall be by whatever method the President may, from time to time, determine.

ARTICLE III

Executive Board

3.1. Number and Qualification. The affairs of the Association shall be governed by an Executive Board composed of three persons, all of whom shall be Unit Owners or designees of the Declarant. Until twenty-five percent (25%) of the Units have been conveyed to Unit Owners other than Declarant, and thereafter until their successors shall have been elected by the Unit Owners, the Executive Board shall consist of such persons as may be designated by the Declarant; provided, however, that the foregoing power of designation shall not extend beyond the maximum time permitted by Section 3303(c) of the Act. The Declarant shall have the right in its sole discretion to replace such Directors as may be so designated, and to designate their successors.

Within sixty (60) days after twenty-five percent (25%) of the Units have been conveyed to Unit Owners other than the Declarant, one member of the Executive Board designated by Declarant shall resign and the Unit Owners other than the Declarant shall elect one member to the Board. On a date fixed by Declarant, which shall be no later than the earlier of (a) sixty (60) days after the date when seventy-five percent (75%) of the Units have been conveyed to Unit Owners other than Declarant, or (b) five

(5) years after the date of the Declaration, the terms of all Executive Board members designated by Declarant shall expire and the Unit Owners shall hold a meeting to elect their successors.

3.2. Powers and Duties. The Executive Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Act, the Declaration or by these Bylaws required to be exercised and done by the Association. The Executive Board shall have the power, from time to time, to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Executive Board shall delegate to one of its members or to a person employed for such purpose, the authority to act on behalf of the Executive Board on such matters relating to the duties of the Managing Agent (as defined in Section 3.3), if any, which may arise between meetings of the Executive Board as the Executive Board deems appropriate.

The following are supplements and restrictions with respect to the duties and powers of the Executive Board:

a. The Executive Board shall keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration

of the Condominium specifying the expenses of maintenance and repair of the Condominium specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers evidencing the entries thereupon shall be available for examination by the Association and/or Permitted Mortgagees, their duly authorized agents or attorneys, during general business hours, on working days, at the times and in the manner set and announced by the Executive Board for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Executive Board who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

b. The Executive Board shall notify a Permitted Mortgagee of any default hereunder by the Unit Owner of the Unit subject to such Permitted Mortgage, in the event such default continues for a period exceeding sixty (60) days.

c. The Executive Board may borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds in number and in Percentage Interest of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance

with the provisions of these Bylaws, shall be required to borrow any sum in excess of \$20,000.00. If any sum borrowed by the Executive Board on behalf of the Condominium pursuant to the authority contained in this subparagraph c is not repaid by the Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interests in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Condominium Unit.

d. The Executive Board may, but need not, after reasonably determining that the state of maintenance of the exterior of a Unit has become a nuisance, perform necessary exterior repairs to such Unit and assess the cost of such repairs to such Unit.

e. The Executive Board may, but need not, do such other things and acts not inconsistent with the Act, the Declaration or these Bylaws which the Executive Board may be authorized to do by a resolution of the Association.

3.3. Managing Agent. The Executive Board may, but need not, employ for the Condominium a "Managing Agent" at a compensation established by the Executive Board.

a. Requirements. The Managing Agent shall be a bona fide business enterprise, unaffiliated with the Declarant, which manages residential property. Such firm shall have a minimum of two years experience in real estate

community management and shall employ persons possessing a high level of competence in the technical skills necessary to property management of the Condominium.

b. Duties. The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws; provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers:

- (1) to pass the annual budget and any amendment thereto;
- (2) to adopt, repeal or amend Rules and Regulations;
- (3) To designate signatories on Association bank accounts;
- (4) to borrow money on behalf of the Association;
- (5) to acquire and mortgage Units;
- (6) to designate Reserved Common Elements;
- (7) to allocate Limited Common Elements;
- (8) to appoint members of the Architectural Control Committee;
- (9) to determine, pursuant to Section 3.2(d) hereof, that the state of maintenance of the exterior of a Unit has become a nuisance.

The Managing Agent shall perform the obligations, duties and services relating to management of the Property, the rights of Permitted Mortgagees and the maintenance of

reserve funds in compliance with the provisions of these Bylaws.

c. Standards. The Executive Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Executive Board:

- (1) the accrual method of accounting shall be employed;
- (2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (3) cash accounts of the Association shall not be commingled with any other accounts;
- (4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;
- (5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Executive Board; and
- (6) a monthly financial report shall be

prepared for the Association disclosing:

- (a) all income and disbursement activity of the preceding month;
- (b) the status of all accounts in an "actual" as compared to "projected" (budget) format; and
- (c) any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or five percent (5%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

d. Limitations. Subject to the provisions of Section 3305 of the Act, during the period when persons designated by the Declarant constitute a majority of the Executive Board, the Executive Board may employ any Managing Agent whether or not affiliated with the Declarant. Any contract with the Managing Agent must provide that it may be terminated without cause and without a termination fee and on no more than ninety (90) days written notice, and the term of any such contract may not exceed three (3) years.

3.4. Election and Term of Office.

a. At any annual election in which Declarant shall be entitled to designate a majority of the members of the Executive Board as provided in the Declaration or these Bylaws, all members of the Executive Board shall be elected for a term of one year. At the first annual election in which the Declarant shall not be entitled to designate a majority of the members of the Executive Board, the term of office of one member of the Executive Board shall be fixed at three years, the term of office of one member of the Executive Board shall be fixed at two years and the term of office of one member of the Executive Board shall be fixed at one year. At the expirations of the initial term of office of each member of the initial Executive Board, a successor shall be elected to serve for a term of three years. The members of the Executive Board shall hold office until their respective successors shall have been elected by the Association.

b. Persons qualified to the members of the Executive Board may be nominated for election as follows:

(1) Any Unit Owner may submit to the Secretary, at least thirty (30) days before the meeting at which the election is to be held, a nominating petition signed by Unit Owners owning at least two Units, a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or

hand deliver the submitted items to every Unit Owner along with the notice of such meeting; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board.

3.5. Removal or Resignation of Members of the Executive Board. Except with respect to members designated by Declarant, at any regular or special meeting duly called, any one or more of the members of the Executive Board may be removed with or without cause by a Majority of The Percentage Interest of all the Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any member whose removal has been proposed by the Unit Owners shall be given at least seven (7) days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon disposition of his Unit. The Declarant shall have the right to remove and replace any and all members appointed by Declarant at any time and from time to time until the required resignation date specified in the Declaration.

3.6. Vacancies. Vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Unit Owners shall be filled by a vote of a Majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the

occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. Notwithstanding anything to the contrary in this Section or in the preceding Section 3.5, so long as the Declarant owns twenty-five percent (25%) or more of the Units (but in no event after the expiration of the maximum time permitted by Section 3303(c) of the Act), the Declarant shall designate the successor to any resigned or removed member previously designated by the Declarant.

3.7. Organization Meeting. The first organizational meeting of the Executive Board shall be held without notice immediately upon the adjournment of the meeting of the Association at which such Executive Board was elected and at the same place where the meeting was held, provided a majority of the whole Executive Board is present at such meeting. If a majority of the Executive Board is not then present, such first organizational meeting shall be held as soon thereafter as practicable, provided that notice is given to each member of the Executive Board as set forth in Section 3.8, unless waived as provided in Section 3.10.

3.8. Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall

be determined from time to time by a majority of the members, but such meetings shall be held at least once every six months during each fiscal year. Notice of regular meetings of the Executive Board shall be given to each member, by mail or telegraph, at least three business days prior to the day named for such meeting.

3.9. Special Meetings. Special meetings of the Executive Board may be called by the President on three business days notice to each member, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two members of the Executive Board.

3.10. Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required, and any business may be transacted at such meeting.

3.11. Quorum of the Executive Board. At all meetings of the Executive Board a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a

meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other.

3.12. Fidelity Bond. There shall be obtained fidelity bonds in an amount not less than Fifty Thousand Dollars (\$50,000.00) (in such form and/or such greater amounts as may be required by the Permitted Mortgagees) for all officers, members of the Executive Board and the Architectural Control Committee and employees of the Association, including without limitation, the Managing Agent, handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

3.13. Compensation. No member of the Executive Board or the Architectural Control Committee shall receive any compensation from the Association for acting as such, but may be reimbursed for any expenses incurred in the performance of his duties.

3.14. Conduct of Meetings. The President shall preside over all meetings of the Executive Board, and the Secretary shall keep a minute book of the Executive Board, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then-current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board when not in conflict with the Declaration, these Bylaws or the Act.

3.15. Action Without Meeting. Any action by the Executive Board or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

3.16. Architectural Control Committee.

a. The Executive Board shall appoint an Architectural Control Committee, consisting of no fewer than three and no more than five members, all of whom shall be Unit Owners, at least one of whom shall be a member of the Executive Board, and one of whom shall be designated by the Executive Board as Chairman. Members shall serve from the date of their appointment by the Executive Board until the next annual meeting of the Association or their earlier ceasing to be Unit Owners.

b. Regular meetings of the Committee shall be held without notice at such place and hour as may be fixed from time to time by its members. Special meetings shall be held when called by the Chairman, or any two members of the Committee, after no less than three business days notice to each member of the Committee.

c. A majority of the members of the Architectural Control Committee shall constitute a quorum for the transaction of business, except that in no event shall a quorum be less than two members.

d. Written approval of any action by all of the members of the Committee, without a meeting, shall have the same effect as though that action had been taken at a meeting of the Committee.

e. Failure of the Architectural Control Committee, within thirty (30) days after submission of a written application for approval of a proposed change in the exterior of a Unit, to notify the applicant of its approval or disapproval thereof, shall be deemed to be an approval by the Committee of such proposed change.

ARTICLE IV

Officers

4.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an Assistant Treasurer, an Assistant Secretary and such other

officers as in its judgment may be necessary. The President and Vice President shall be members of the Executive Board. Any other officers may, but need not, be Unit Owners or members of the Executive Board. An officer other than the President may hold more than one office.

4.2. Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Executive Board.

4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Executive Board, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Executive Board convened for such purpose.

4.4. President. The President shall: be the chief executive officer of the Association; preside at all meetings of the Association and of the Executive Board; have all of the general powers and duties which are incident to the office of the President including without limitation, the power to appoint committees from among the Unit Owners, from time to time, as the President may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice

President is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon him by the Executive Board or by the President.

4.6. Secretary. The Secretary shall: keep the minutes of all meetings of the Association and of the Executive Board; have charge of such books and papers as the Executive Board may direct; maintain a register setting forth the place to which all notices to Unit Owners and Permitted Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of Secretary, including but not limited to, providing such information required of the Association to a Unit Owner in connection with the resale of a Unit.

4.7. Treasurer. The Treasurer shall: have the responsibility for the safekeeping of the Association's funds and securities; be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; be responsible for the deposit of all monies and other valuable effects in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may, from time to time, be designated by the Executive Board; and, in general, perform all the duties normally incident to the office of Treasurer.

4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$1,000.00, shall be executed by any two persons designated by the Executive Board. All such instruments for expenditures or obligations of \$1,000.00 or less may be executed by any one person designated by the Executive Board.

4.9. Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any expenses incurred in performing his duties.

ARTICLE V

Operation of the Property

5.1 Determination of Common Expenses and Assessments Against Unit Owners.

a. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board, provided, however, that the first fiscal year shall begin upon the recordation of the Declaration.

b. Preparation and Approval of Budget.

(1) On or before the first day of October of each year (or ninety (90) days before the beginning of the fiscal year), the Executive Board shall adopt a budget for the Association containing an estimate of

the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Executive Board to maintain, repair and replace, pay the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services.

(2) Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. On or before the next succeeding tenth day of October (or eighty (80) days before the beginning of the fiscal year), the Executive Board shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Association and shall automatically take effect at the beginning of the

fiscal year for which it is adopted, subject to Section 5.1h.

c. Assessment and Payment of Common Expenses.

Subject to the provisions of Section 6.1a hereof, the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board shall be assessed against each Unit Owner in proportion to his respective Percentage Interest and shall be a lien against each Unit Owner's Unit as provided for in the Act and the Declaration. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each Unit Owner shall be obligated to pay to the Executive Board or the Managing Agent (as determined by the Executive Board) one-twelfth of such assessment. Within ninety (90) days after the end of each fiscal year, the Executive Board shall supply to all Unit Owners and to each Permitted Mortgagee an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Executive Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Executive Board deems it advisable, be credited according to each Unit Owner's Percentage Interest to the next monthly installments due from Unit Owners under the current fiscal

year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Percentage Interests and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Executive Board may determine.

d. Reserves. The Executive Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Executive Board may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Percentage Interests, and which may be payable in a lump sum or in installments as the Executive Board may determine. The Executive Board shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due not more than ten (10) days after the delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment.

Such assessment shall be a lien as of the effective date as set forth in the preceding paragraph c.

e. Initial Budget. Upon taking office, the first Executive Board elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing thirty (30) days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in subparagraph c of this Section.

f. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

g. Accounts. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund, but shall be held for each Unit Owner in accordance with his Percentage Interest.

h. Unit Owners' Veto. Anything herein to the contrary notwithstanding, the Unit Owners, by a vote of at

least sixty-seven (67%) of the Unit Owner's Percentage Interest, may reject any budget or capital expenditure approved by the Executive Board within thirty (30) days after approval by the Executive Board.

5.2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of Section 5.1. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five (5) days following a written request therefor to the Executive Board or Managing Agent, and such purchaser shall not be liable for, nor shall the Unit

conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, however, that each Permitted Mortgagee who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Permitted Mortgagee comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

5.3. Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within five (5) days after due shall accrue a late charge in the amount of five percent (5%) of the overdue assessment or installment in addition to interest as provided in the Declaration.

5.4. Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, contract purchaser or Permitted Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Executive

Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Act.

ARTICLE VI

Compliance and Default

6.1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, the Rules and Regulations and the Act as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

a. Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness of the act, and for the neglect or carelessness of any members of his family or his guests, tenants, employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

b. Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the Court.

c. No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

d. Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the

Declaration or the Act shall give the Executive Board the right, in addition to any other rights to: (1) enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass provided, however, the appropriate judicial proceedings are instituted before construction is demolished; or (2) enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach.

ARTICLE VII

Amendments

7.1. Amendments to Bylaws. These Bylaws may be modified or amended only by vote of a Majority of the Percentage Interests of the Unit Owners, except as otherwise expressly set forth herein or in the Act; provided, however, that until the expiration of the maximum time permitted by Section 3303(c) of the Act, (i) Section 2.2, (ii) Section 2.9, (iii) Section 3.1, and (iv) this Section 7.1 may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be the Unit Owner of twenty-five percent (25%) or more of the Units. Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or

inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to condominium projects, then at any time and from time to time the Executive Board may affect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

7.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights and interests of Permitted Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Permitted Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Permitted Mortgagee shall be adopted without the prior written consent of such Permitted Mortgagees.

7.3. Amendments to the Declaration. Any two officers or Executive Board members of the Association may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE VIII

Miscellaneous

8.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given, if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate, in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section, or (iii) if to a Permitted Mortgagee, at the principal address of said Permitted Mortgagee as so designated, in writing and on file with the Secretary. If a Unit is owned by more than one person, each such person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

8.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and

neuter genders, and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed and witnessed on behalf of the Association this 6th day of October, 1989.

WITNESS:

[Signature]

UNIVERSITY SQUARE ASSOCIATES,
A New Jersey Partnership

By: [Signature]

HAROLD K. TISH
Partner of University
Square Associates

ATTEST:

[Signature]
Secretary

FIRST STATE FINANCIAL SERVICES,
INC.

By: [Signature]

JOHN A. ROGERS
Vice President
Partner of University
Square Associates