

EXHIBIT C

BY-LAWS

RITTENHOUSE AT LOCUST GROVE HOMEOWNERS ASSOCIATION

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BY-LAWS

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BY-LAWS
OF
RITTENHOUSE AT LOCUST GROVE HOMEOWNERS ASSOCIATION

ARTICLE I
NATURE OF BY-LAWS

1. Purpose. These By-Laws are intended to govern the administration of the RITTENHOUSE AT LOCUST GROVE HOMEOWNERS ASSOCIATION (hereinafter referred to as the "Homeowners Association" or HOA), a not for profit corporation of New Jersey, together with the ownership, administration, utilization and maintenance of such Common Areas of the Rittenhouse at Locust Grove Community (hereinafter referred to as "Rittenhouse") as may be conveyed to the Homeowners Association from time to time, all as set forth in a certain Declaration of Covenants, Conditions and Restrictions (hereinafter, the "Declaration") filed with the County Clerk for Gloucester County, New Jersey, as the same may be amended.

2. Definitions. Unless the context clearly indicates otherwise, all definitions set forth in the Declaration, in such deeds as may be employed to convey property to the Homeowners Association or in N.J.S.A. 45:22A-21 et seq., are incorporated herein by reference.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

1. Membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The Declarant shall have one membership in the HOA for each permitted Lot that has not been conveyed to an individual purchaser not to exceed the number of Lots approved by the municipality. Every owner of a residential unit (Lot Owner) is subject to assessment as provided in the Declaration and shall be a Member of the Homeowners Association (hereinafter, such residential units are referred to as "Lots" and the owners thereof as "Lot Owners" or "Members").

2. Voting Rights.

(a) Each Lot shall have one vote in the governance of the HOA, with the total number of votes to be 154 votes. If the Declarant annexes to the Property additional land consisting of Lots then designated for residential development, then the total number of votes in the Homeowners Association shall be increased accordingly. Such annexation, shall, however, be subject to any necessary approvals by governmental authorities, lenders, and trust owners, as well as 67% of the lot owners and 51% of the montage holders thereof.

(b) The Declarant shall not be permitted to cast any votes held by him with respect to unsold Lots in order to amend the Declaration, these By-Laws or any other document for the purpose of changing the permitted residential use of a Lot or for the purpose of reducing the Common Areas.

3. Multiple Ownership. If a Lot is held by one person, his right to vote shall be established by the recorded title to the same; if held by more than one person, the person entitled to cast the vote or votes shall be designated in a Certificate signed by all of the recorded owners and filed with the Secretary of the Homeowners Association. If held by a corporation, the officer or employee thereof entitled to cast the vote or votes for the corporation shall be designated in a Certificate for this purpose, signed by the President or Vice President and attested to be the Secretary or Assistant Secretary of the corporation, and filed with the Secretary of the Homeowners Association. The person designated in these Certificates who is entitled to cast the vote or votes shall be known as the "Voting Member". If such a Certificate is not on file with the Secretary of the HOA for a Lot held by more than one person or by a corporation, the vote or votes of those concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the same, except if held by a husband and wife. Such Certificates shall be valid until revoked in writing by any holder of such interest or until superseded by a subsequent Certificate or until a change in the ownership occurs. If a Lot is held by a husband and wife, the following three provisions are applicable thereto:

(a) They may, but they shall not be required to, designate a Voting Member by a Certificate signed by both and delivered to the Homeowners Association Secretary as provided above.

(b) If they do not so designate a Voting Member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote they shall lose their right to vote on that subject at that meeting (as previously provided the vote or votes are not divisible).

(c) Where they do not designate a Voting Member, and only one is present at a meeting, the person present may cast the vote individually and without establishing the

concurrence of the absent person.

4. Passage by Majority. Except as otherwise provided in the By-Laws, the Declaration, or the Planned Real Estate Development Full Disclosure Act, passage of all decisions shall require the affirmative vote of at least a majority of members in good standing and entitled to vote in attendance at a meeting.

5. Entitlement to Vote - Good Standing. Only Lot Owners who hold memberships in good standing at least 30 days prior to the meeting shall be entitled to vote on decisions at such meeting. Each Lot Owner shall be entitled to the assigned vote for each Lot to which he or she holds title with respect to all decisions to be voted upon by the association membership.

6. Suspension of Rights. The membership rights and privileges of any Member may be suspended by action of the Board of Directors during the period when such Member is more than thirty (30) days delinquent in the payment of any Common Expense or Special Assessment. Upon the payment of such assessment, the rights and privileges of such Member shall be restored automatically. If the Board of Directors has adopted and published Rules and Regulations governing the use of the property of the Homeowners Association and the personal conduct of any person thereon, the Board of Directors may, in its discretion, suspend the rights of any person for violation of any such Rules and Regulations for a period not to exceed thirty (30) days for each violation. Each day a violation continues without abatement shall be construed as a separate violation for purposes of this section.

ARTICLE III MEETING OF MEMBERS

1. Annual Meetings. The first annual meeting of the Members shall be held within sixty (60) days after the election of the first Directors to be elected by the Members in accordance with the provisions of Article IV hereof. Notice of the first annual meeting shall be given in accordance with Article III Section 6(a). Each subsequent regular meeting of the Members shall be held in the same month of each year thereafter on a date to be fixed by the Board of Directors.

2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of 25% of the current Members of the HOA entitled to vote. Notice for any special meeting shall be given in accordance with Article III, Sec. 6(a). No business shall be transacted at a special meeting except that stated in the notice unless consented to in person or by proxy by 50% of all Members entitled to vote at such meeting.

3. Proxies. Each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable at any time upon written notice to the Secretary, and shall automatically cease after eleven (11) months. Every proxy shall automatically cease when the Homeowners Association has received written notice of the death or judicially declared incompetency of the grantor of the proxy or the sale or other transfer by the Member of his Lot.

4. Majority of Members. As used herein, the term "Majority of Members" shall mean the persons entitled to cast more than 50% of the total votes to which all Members are entitled.

5. Method of Voting. Questions to be submitted to Members may be decided at any meeting by a hand vote, verbal vote or secret ballot or at such other time, place and method of voting as determined by the Board of Directors.

6. Notice and Quorum.

(a) Notice. Notice required by the Declaration, the Certificate of Incorporation or these By-Laws shall be provided in writing by mailing or delivering a copy of such notice, first class postage prepaid, to the Member at the address last appearing on the books of the Homeowners Association, or supplied by such Member for the purpose of notice.

Notice for meetings shall be provided to Members at least fifteen days and no more than sixty days prior to such meeting.

Notice of meetings shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

(b) Quorum. The quorum for meetings shall be the presence of Members in person or by proxy who are entitled to cast at least twenty percent of the votes of the Members (excluding those whose voting privileges have been suspended). If the required quorum is not present at the meeting, the meeting shall be adjourned to another time not sooner than one week nor later than one month from that date. If announcement of the date and time of such adjourned meeting is made at the meeting where a quorum is lacking, no further written notice of the meeting shall be required. Should a quorum not be present at any meeting the quorum

requirement shall be reduced by one-half for each subsequent adjourned meeting.

ARTICLE IV
BOARD OF DIRECTORS

1. Composition. The affairs of the HOA shall be managed by a Board of Directors who shall be Members of the HOA, except for those Directors appointed by the Declarant as provided herein. The number of Directors may be changed by amendment of the By-Laws of the HOA.

(a) Until Declarant has sold and conveyed Lots representing at least twenty-five percent (25%) of the total Lots permitted to be developed within the Rittenhouse, the Board shall consist of three (3) persons appointed by the Declarant, who shall also have the right to remove and replace said Directors from time to time. Thereafter, the Board of Directors shall consist of five (5) persons.

(b) Within 60 days after at least 25% of the total Lots permitted to be developed within Rittenhouse have been conveyed to Lot Owners other than Declarant, a special meeting of the Members shall be held and two (2) additional Directors shall be elected (who are Members of the HOA) to serve until their successors shall be elected at the next annual meeting.

(c) Within 60 days of the date upon which at least 75% of the total Lots permitted to be developed within Rittenhouse have been conveyed to Lot Owners other than Declarant, a special meeting of the Members shall be held and two (2) Directors who are Members of the HOA shall be elected (and two (2) appointed Directors shall thereupon be removed by Declarant) to serve until their successors shall be elected at the next annual meeting.

Declarant shall retain the right to appoint one (1) Director so long as Declarant owns one or more Lots and holds the same for sale in the ordinary course of business. Within 60 days after the last Lot owned by the Declarant has been conveyed to a Lot Owner other than the Declarant, a special meeting of the Members shall be held and the fifth Director shall be elected (and the last appointed Director shall thereupon be removed by Declarant) to serve until his successor shall be elected at the next annual meeting.

(d) The percentages specified in section 1 of this article shall be calculated upon the basis of the whose number of units entitled to membership in the association.

(e) Upon the assumption by the Members of control of the Homeowners Association the Declarant shall deliver forthwith to the Homeowners Association all items and documents pertinent to the HOA; including but not limited to: a copy of the Declaration of Covenants, Conditions and Restrictions, Documents of Creation of the HOA, By-Laws, Minute Books (including all minutes) any Rules and Regulations, an accounting of HOA funds, all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the HOA.

(f) The association when controlled by the owners shall not take any action that would be detrimental to the sale of units by the Declarant, and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of control, until the last Lot is sold.

(g) From the time of conveyance of 75 percent of the lots, parcels, units or interests, until the last lot, parcel, unit, or interest in the development is conveyed in the ordinary course of business, the By-Laws or Declaration of Covenants, Conditions and Restrictions shall not require that more than 75 percent of the votes entitled to be cast thereon be cast in the affirmative for a change in the By-Laws or rules and regulations of the Association.

(h) The Declarant shall not be permitted to cast any votes allocated to unsold lots, parcels, units, or interests, in order to amend the Declaration, By-Laws, or any other documents, for the purpose of changing the permitted use of a lot, parcel, unit, or interest, or for the purpose of reducing the common areas.

2. Term. Subject to the limitations of Section 1 above, Directors shall be elected for a term of not less than one year, nor more than three years, and until their respective successors shall be elected. At the time that Directors, other than those appointed by the Declarant, are initially elected pursuant to Section 1 of this Article, the Board of Directors shall designate the term of office to provide staggered terms for elected Directors by requiring a three year term for one elected Director, a two year term for two Directors and a one year term for the remaining two Directors.

3. Nominations. The Board of Directors may establish reasonable procedures for nominating candidates for the Board of Directors, which may include acceptance of

nominations from the floor at the meeting.

4. Method of Election. Each Member shall be entitled to one vote per Board of Directors vacancy for each Lot which he owns. Cumulative voting shall not be permitted. The Board of Directors may establish reasonable procedures for the casting and counting of votes, and may determine whether or not written, secret ballot shall be required.

5. Resignation and Removal. The unexcused absence of an elected Director from three consecutive regular meetings of the Board shall be deemed an offer of resignation which may be accepted by the Board at the meeting during which said third or further absence occurs. Any elected Director may be removed from the Board, with or without cause, by a majority Vote of the Members of the Homeowners Association, at a special meeting called for that purpose.

6. Vacancies. When a Member of the Board of Directors who has been elected by Lot Owners other than a Declarant is removed or resigns that vacancy shall be filled by a vote of the Lot Owners other than Declarant.

7. Compensation. No Director shall receive compensation from the Homeowners Association for any service he may render to the Common Facilities Association in such capacity. However, any Director may be reimbursed for any reasonable expenses incurred in the performance of his duties.

ARTICLE V MEETINGS OF DIRECTORS

1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and hours as may be fixed from time to time by resolution of the Board. The first meeting of a newly elected Board shall be held within 10 days of election at such place as shall be fixed by the Board at the meeting at which such Board was elected, and no notice shall be necessary providing a majority of the whole Board shall be present.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Homeowners Association, or by any two Directors, after not less than seven (7) day's notice to each Director. Notice may be given personally or by mail, telephone, or telegraph, which notice shall state the time, place and purpose of the meetings.

3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business and the acts of the majority of those present at a meeting at which a quorum is present shall be the acts of the Board.

4. Restrictions on Open Meetings. All meetings of the Board shall be open to attendance by all Lot Owners; however, the Board may exclude or restrict attendance at those meetings or portions of meetings dealing with the following:

(a) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;

(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 his ethical duties as a lawyer; or

(d) Any matter involving the employment, promotion, discipline, or dismissal of a specific employee of the association.

5. Minutes. At each meeting required to be open to all Lot Owners, minutes of the proceedings shall be taken, and copies of those minutes shall be made available to all Lot Owners before the next open meeting.

(a) The Association shall keep reasonably comprehensive minutes of all its meetings showing the time and place, the members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by the By-Laws. Such minutes shall be made available to the public in the association office within 30 days.

(b) At each open meeting, the participation of Lot Owners in the proceedings or the provision of a public comment session shall be at the discretion of the Board of Directors.

5. Notice. Adequate notice of any open meeting shall be given to all Lot Owners, Adequate notice means written advance notice of at least 48 hours, giving the date, time, location and, to the extent known, the agenda of any regular, special, or rescheduled meeting. Such notice shall accurately state whether formal action may or may not be taken. This notice shall be:

(a) Prominently posted in at least one place within the Property reserved for such or similar announcements.

(b) Mailed, telephoned, telegraphed, faxed, or hand delivered to at least two newspapers designated by the Board of Directors.

(c) Filed with the association secretary or administrative officer responsible for administering the association business office.

7. Annual Posting. At least once each year, within seven (7) days following the annual meeting of the Association, the Board of Directors shall post and maintain posted throughout the year, notice of meetings in those locations set forth above.

8. Waiver of Notice. Before or at any meeting of the Board of Directors any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

9. Emergency Meetings. In the event that a Board of Directors meeting is required to deal with such matters of urgency and importance that delay, for the purpose of providing 48 hours advance notice, would 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.

10. Assumed Assent. Any Director present at any meeting shall be deemed to have assented to any action taken at such meeting unless his dissent is entered on the minutes or unless his written dissent is filed with the Secretary at or immediately following the adjournment thereof, provided that no Director may dissent from any action for which he voted at the meeting.

11. Consents and Approvals. Whenever the Declaration, the Certificate of Incorporation or these By-Laws shall require written permission of the Board of Directors, such permission shall consist of a written statement setting forth the action or activity for which such permission is granted, signed by at least one Director who shall have been authorized to sign such permission by the vote of the Board of Directors. Written permission of the Members shall consist of similar written statement signed by the Secretary of the Homeowners Association who shall have been authorized to give such permission by such vote of the Members as may be required to allow the requested action or activity. The action or activity for which permission is granted shall be noted by the Secretary in the records Of the Board of Directors or the Homeowners Association, as the case may be, according to which body granted such permission.

12. Declarant's Protective Provisions.

(a) After control of the Board is vested in Directors elected by Members other than the Declarant, and so long as the Declarant owns at least one (1) Lot and holds same for sale in the ordinary course of business, the following shall apply and shall not be amended:

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

(2) The HOA and its Board of Directors shall continue the same level of maintenance, operation and services as provided immediately prior to the assumption of control of the HOA and the Board of Directors by Lot Owners other than the Declarant.

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

(4) The Declarant 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 HOA or its Board of Directors. In such event, the Declarant shall notify the Secretary of the HOA of its exercise of its veto right and any such proposal or action shall be deemed null and void ab initio and of no further force or effect.

(b) The aforementioned protective provisions shall be construed in accordance with and not in derogation of New Jersey Statutes in such case made and provided, including the New Jersey Planned Real Estate Development Full Disclosure Act, N.J.S. 45:22A-

21 et seq.

ARTICLE VI
POWERS AND DUTIES OF BOARD OF DIRECTORS

All the powers, duties and privileges of the Homeowners Association shall be exercised by the Board, which powers, duties and privileges shall include those granted to it by law, the Declaration, the Certificate of Incorporation of the Homeowners Association (HOA) and these By-Laws. Such powers, duties and privileges which the Board shall exercise in its sole discretion shall include, but shall not be limited to, the following. The Board shall:

1. Cause the Common Areas to be maintained according to accepted standards, including, but not limited to such maintenance, painting, replacement and repair work as may be necessary. All repairs and replacements shall be substantially similar to the original application and installation and shall be of first class quality.
2. Investigate, hire, pay, supervise and discharge the personnel and/or contractors necessary and provide the equipment and materials necessary, in order to properly maintain and operate the Common Areas. Compensation for the services of such employees (as evidenced by certified payroll) and contractors shall be considered an operating expense of the HOA.
3. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members whose rights and privileges have not been suspended.
4. As more fully provided in the Declaration:
 - (a) Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period;
 - (b) Send written notice of each assessment to every Lot Owner subject thereto at least thirty (30) days in advance of each Annual Assessment period; and
 - (c) Foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Lot Owner personally obligated to pay the same.
5. Issue, or cause an appropriate officer of the HOA to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
6. Allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Areas in accordance with the provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
7. Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the HOA placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, and order of the Board of Fire Underwriters or other similar quasi-governmental agencies.
8. Manage the fiscal affairs of the HOA as herein provided.
9. Cause all officers and employees having fiscal responsibilities to be bonded, as it may deem appropriate.
10. Employ, by contract or otherwise, a Manager, or an independent contractor, to oversee, supervise and carry out the duties and responsibilities of the Board. Said Manager or said independent contractor shall be compensated upon such terms as the Board deems appropriate.
11. Employ professional counsel and to obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants.
12. Employ all managerial personnel necessary, or enter into a managerial contract for the efficient discharge of the duties of the Board hereunder.
13. Adopt, amend, and publish Rules and Regulations governing the operation and use of the Common Areas and the conduct of the Members, their tenants and guests, and to establish penalties for violations thereof.

14. Secure full performance by Lot Owners or occupants of all items of maintenance for which they are responsible.

15. Arrange for security protection as necessary.

16. Enforce obligations of the Lot Owners and do anything and everything else necessary and proper for the sound management of the HOA, including the right to bring or defend lawsuits to enforce the terms, conditions and restrictions contained in the Declaration, these By-Laws, or any Rules and Regulations duly adopted by the Board.

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

18. Invest and reinvest monies; sue and be sued; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make an execute any and all proper affidavits for various purposes; compromise any action without leave of court; and all other powers contained herein, and those necessary and incidental thereto.

19. Transfer, grant or obtain easements, licenses, and other property rights with respect to the Common Areas in a manner not inconsistent with the rights of Lot Owners.

20. Purchase or lease or otherwise acquire in the name of the HOA or its designees, corporate or otherwise, on behalf of all Lot Owners, any Lot offered for sale or lease or surrendered by their owners to the Board provided that the foregoing shall not be construed to constitute a right of first refusal.

21. Purchase Lots within Rittenhouse at foreclosure or other judicial sales in the name of the HOA Or its designees, corporate or otherwise, on behalf of all Lot Owners.

22. Sell, lease, mortgage (but not exercise the voting rights appurtenant thereto) or otherwise deal with Lots acquired by the HOA, and sublease any such Lots leased by the HOA or its designees, on behalf of all Lot Owners.

23. Bring and defend actions by or against more than one Lot Owner which are pertinent to the operation of the HOA, the health, safety or general welfare of the Lot Owners, or any other legal action to which the Lot Owners may consent in accordance with these By-Laws.

24. Appoint an Insurance Trustee, who shall not be a Member of the HOA, an employee of the Declarant, or the Manager, who shall discharge the duties in accordance with paragraph 25 below. In the absence of such an appointment, the Board shall be responsible for the disposition of all insurance proceeds.

25. Obtain and keep in force all insurance coverages required to be maintained by the HOA, applicable to the Common Areas and Members including, but not limited to:

(a) 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 include within all risk extended coverage, including vandalism and malicious mischief, insuring all Common Areas existing at the time of initial conveyance, together with all service machinery appurtenant thereto, as well as common personalty belonging to the HOA, and covering the interest of the HOA, the Board, the Declarant, and all Lot Owners and any Mortgage Holder who has requested the HOA 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 Areas (exclusive of foundations and footings), existing at the time of the initial construction, without deduction for depreciation. Each policy shall contain a standard mortgagee clause in favor of each applicable Mortgage Holder, its successors and assigns, which shall provide that the loss, if any, thereunder, shall be payable to each applicable Mortgage Holder as its interest may appear. When a majority of the Board is elected by the Lot Owners other than the Declarant, prior to obtaining any renewal of a policy of fire or casualty 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 Area (exclusive of foundations and footings) without deduction for depreciation, for the purposes of determining the amount of fire or casualty 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.

(b) 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 Areas, (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 Areas, and not arising by reason of any act or negligence of any individual Lot Owner. Said insurance shall be in such limits as the Board

may, from time to time, determine, covering the Homeowners Association, each Director, the Manager, and each Member, and shall also cover cross liability claims of one insured against another. Such public liability insurance shall be in a single limit of not less than \$1,000,000.00 covering all claims for personal injury or property damage arising out of any one occurrence. The Board shall review such limits once a year.

(c) Directors' and Officers' Liability Insurance. To the extent obtainable in the normal commercial marketplace, liability insurance indemnifying the Directors and Officers of the HOA against liability for errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000.00, with any deductible amount to be in the sole discretion of the Board.

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

(e) Vehicular Liability Insurance. Vehicular liability insurance to cover all motor vehicles, if any, owned or operated by the HOA.

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

(g) Water Damage. Water damage legal liability insurance.

(h) Elevator Insurance. To the extent obtainable in the normal commercial marketplace, elevator liability and collision insurance, if applicable.

(i) Boiler Insurance. To the extent obtainable in the normal commercial marketplace, boiler explosion liability insurance, if applicable.

(j) 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 HOA and that adjustment of loss shall be made by the Board of Directors with the approval of the Insurance Directors, if any, and that the net proceeds thereof, if \$10,000.00 or less, shall be payable to the Board, and if more than \$10,000.00, shall be payable to the Insurance Directors if any; (ii) require that the proceeds of physical damage insurance be applied to the restoration of such Common Areas including structural portions and service machinery and equipment; (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 policy will be primary, even if insurance covering the same loss is held by any Member(s); (v) to the extent obtainable, contain waivers of subrogation and waiver of any defense based on co-insurance or of invalidity arising from any acts of the insured; and (vi) provide that such policies may not be canceled without at least thirty (30) days prior written notice to all of the named insureds, including all Lot Owners and Mortgage Holders.

All policies shall show the named insured as:

"RITTENHOUSE AT LOCUST GROVE HOMEOWNERS ASSOCIATION, for the use and benefit of the individual Lot Owners" or the HOA's Insurance Directors, if any. The "loss payable" clause must show the HOA or its Insurance Directors, as a Directors for each Lot Owner, Mortgage Holder or other loss payee. Also, the policies must require the insurer to notify in writing the HOA, its Insurance Directors and each eligible Mortgage Holder or other entity named in the mortgage clause at least thirty (30) days before it substantially changes the HOA's coverage.

Any insurance maintained by the Board may provide for such deductible amount as the Board may determine. Despite any other provisions of this subparagraph, the HOA 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 HOA shall be a common expense of the HOA.

Lot 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 Lot Owners.

26. Establish an Architectural Review Committee and adopt rules and regulations, design criteria, approval procedures and enforcement provisions to govern same; appoint members to carry out the duties and responsibilities related thereto; regulate the design, installation, construction, alteration and maintenance of landscaping, buildings, fences, walls, other structures or improvements as well as any exterior additions, changes or alternations to

any Lot or improvements built within the Common Areas.

(a) The Declarant shall solely constitute the Architectural Review Committee until seventy-five (75%) of the total Lots permitted to be developed within Rittenhouse at Locust Grove are conveyed to Lot Owners other than the Declarant. Thereafter, the Architectural Review Committee shall consist of a) the Board, or b) a committee of not less than three (3) members appointed by the Board. No construction or other activity under paragraph 26 shall be initiated without the expressed written approval of the Architectural Review Committee.

(b) Despite any provisions of these By-Laws, the Declaration or other governing documents to the contrary, no restrictions or architectural controls shall apply to the Declarant or to any Lot owned by the Declarant as long as the Declarant owns any Lot for sale in the ordinary course of business.

27. Establish such other committees from time to time as it deems necessary or appropriate to carry out the duties and responsibilities of the Board, to maintain the character, harmony and value within Rittenhouse, or to promote the safety, health and welfare of the Lot Owners.

ARTICLE VII FISCAL MANAGEMENT

1. Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Homeowners Association Annual and Special Assessments which are secured by a continuing lien on the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear penalty and interest from the date of delinquency as established by the Board from time to time. The Homeowners Association may bring an action against the Lot Owner personally obligated, to pay the same or foreclose the lien against the Lot, and penalties, interest, costs, and reasonable attorneys fees of any such action shall be added to the amount of such assessment. No Lot Owner may waive or otherwise avoid liability for the assessments provided for herein by non-use of the Common Areas or abandonment of the Lot.

2. Capital Contribution. Upon initial and each subsequent transfer of title to a new Lot Owner each member of the Association is obligated to pay to the Homeowners Association a non-refundable contribution to working capital (Capital Contribution) in a minimum amount of \$150.00 but not less than one-sixth of the Annual Common Expense Assessment in effect on the date of closing. Capital Contributions may be used by the Board of the HOA for operating expenses or for any other lawful purpose of the HOA.

3. Books/Records. The amount of monies for assessments and capital contributions deemed necessary by the Board and the manner of expenditure thereof, including, but not limited to, the allocation thereof, shall be a matter for the sole discretion of the Board.

4. Annual Audit. The Board shall submit its books, records and memoranda for annual Audit by an independent certified public accountant who shall audit the same and render a certified or uncertified report thereon in writing to the Board and in summary form to the Members and such other persons, firms or corporations as may be entitled to same. While the Declarant maintains a majority of the Board of Directors, it shall have an annual audit of funds prepared by an independent accountant, a copy of which shall be delivered to each Lot Owner within 90 days of the expiration of the fiscal year of the HOA. The audit shall cover the operating budget and reserve accounts. The cost of the annual audit shall be an administrative expense to be paid by the HOA. In addition while the Declarant maintains a majority of the Board of Directors, it shall post a bond in the sum of the amount of the annual budget plus any reserves.

5. Examination of Books. The books, records and papers of the Homeowners Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Certificate of Incorporation and the Bylaws of the HOA shall be available for inspection by any Member at the principal office of the Homeowners Association, where copies may be purchased at a reasonable cost set by the Board.

6. Fiscal Year. The fiscal year of the Homeowners Association shall be on a calendar year basis or such other fiscal year as well as shall be determined by the Board.

ARTICLE VIII OFFICERS

1. Designation. The principal officers of the Homeowners Association shall be a President, Vice-President, a Secretary and a Treasurer. The President and Secretary shall be Members of the Board. The Board may also appoint such other Assistant Treasurers, Assistant Secretaries or any other officers as, in their judgment, may be necessary. Any two

offices, except that of President and Vice-President, may be held by one (1) person.

2. Election of Officers. The officers of the Homeowners Association shall be elected annually by the Board of Directors at the first Board meeting following each annual meeting of Members, and such officers shall hold office at the pleasure of the Board. If the Board agrees on the designation of officers by appointment, such election shall not be necessary.

3. Removal of Officers. Upon an affirmative vote of a two-thirds (2/3) majority of the Directors, any officer may be removed, either with or without cause, and his successor appointed or elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4. Duties and Responsibilities of Officers.

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

(b) Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint an interim President from among the Directors of the Homeowners Association. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

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

(d) Treasurer. The Treasurer shall have the responsibility for Homeowners Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Homeowners Association. He shall be responsible for the deposit and disbursement of all funds and other valuable effects to the credit of the Homeowners Association in such depositories as may from time to time be authorized by the Board.

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

6. Compensation. No compensation shall be paid to the President or Vice-President for their services, except reimbursement for out-of-pocket expenses or compensation for services rendered in any other capacity to or for the Homeowners Association. The Secretary and/or Treasurer may be compensated for their services if the Board determines that such compensation is appropriate.

7. Eligibility of Directors. Nothing herein contained shall prohibit a Director from being an officer.

ARTICLE IX
ENFORCEMENT, INDEMNIFICATION AND EXCULPABILITY

1. Enforcement. The Homeowners Association shall have the power, at its sole option, to enforce the terms of this instrument and the Declaration, or any rule or regulation promulgated pursuant thereto or hereto, by any of the following: self-help; sending notice to the offending party to cause certain things to be done or undone; restoring the Homeowners Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action, summary or otherwise included such action before any court as may be provided by law. The foregoing remedies shall be in addition to any other power granted herein, in the Declaration and under New Jersey Law, and not in limitation thereof.

2. Fines. The Homeowners Association shall have the power to levy fines against any Members for violation(s) of any Rule or Regulation or use restrictions contained in the Declaration, these By-Laws or rules and regulations, except that no fine may be levied by more than Twenty (\$20.00) Dollars for any one violation, but for each day a violation continues after notice it shall be considered a separate violation. Collection of the fines may be enforced against any Member involved as if the fine were an assessment owed by the particular Member.

3. Indemnification. Each Director and officer of the Homeowner's Association, and their delegates or appointees, shall be indemnified by the Homeowner's 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 a Director or officer of the Homeowners Association, or delegatee or appointee of same, except as to matters as to which he shall be finally found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Homeowners Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct.

4. Exculpability. Neither the Board as a body nor any Director nor any officer of the Homeowners Association, nor the delegates or appointees of any of them, shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of the duties of his office in the absence of a showing of bad faith, and each Member shall be bound by the good faith actions of the Board and officers of the Homeowners Association, or their delegates or appointees, in the execution of the duties of Directors and officers. Nothing contained herein to the contrary shall serve to exculpate Members of the Board of Directors from discharging their fiduciary responsibilities.

ARTICLE X USE RESTRICTIONS

In addition to those restrictions set forth in the Declaration and the New Jersey Planned Real Estate Development Full Disclosure Act ("PREDFDA"), the following restrictions shall apply to the use of all property of the Homeowners Association, subject to such Rules and Regulations regarding the use and operation thereof as shall be duly adopted from time to time by the Board pursuant to "PREDFDA" and these By-Laws:

1. The property of the Homeowners Association shall be used only for the furnishing of services and facilities for which the same are reasonably intended and suited.

2. No person shall post any advertisements or posters of any kind or any signage of any kind in or on the Property except as authorized by the Homeowners Association or as otherwise provided herein.

3. All Members and occupants shall exercise extreme care about making noises or in the use of musical instruments, radios, television and amplifiers so as not to disturb other Members or occupants. No noxious or offensive activities of any kind shall be carried on, in or upon the property of the Homeowners Association, nor shall anything be done therein either willfully or negligently, which may be or become an annoyance or nuisance to other Members or occupants.

4. In order to provide an orderly procedure in the case of title transfers, and to assist in the maintenance of a current, up-to-date roster of Members, a Member shall give the Secretary of the Homeowners Association timely notice of his intent to list his Lot for sale, and, upon closing of title shall forthwith notify such Secretary of the names and home addresses of the Lot purchasers.

5. Further appropriate rules and regulations controlling the use of Common Areas may be made from time to time upon being duly adopted by a majority vote of the Board provided, however, that copies of such rules and regulations are furnished to each Member prior to the time that the same become effective.

ARTICLE XI MAINTENANCE, REPAIR, ADDITIONS, ALTERATIONS OR IMPROVEMENTS

1. Maintenance and Repair to Property of the Homeowners Association: All maintenance, repairs and replacements to the property of the Homeowners Association shall be made by the Board and charged to Members as a common expense, unless necessitated by the negligence, misuse or neglect of a Member, in which case such expense shall be charged to such Member.

2. Additions, Alterations or Improvements by the Homeowners Association: Whenever in the judgment of the Board, any Common Areas of the Homeowners Association require improvements costing in excess of Ten Thousand (\$10,000.00) Dollars, said improvements shall not be made unless they have been approved by a majority of votes of Members at a meeting of Members at which a quorum is present. When said approval has been obtained, all Lot Owners shall be assessed for the cost thereof as a common expense. In the event of any emergency which shall cause damage to the property or any part thereof, the Board may expend sums in excess of Ten Thousand (\$10,000.00) Dollars to protect said property and the judgment of the Board shall be final.

3. Miscellaneous. Every Member is responsible to promptly report to the Board any defect or need for repairs to any of the Common Areas, the responsibility of which is that of the Homeowners Association.

4. Repair or Reconstruction of Casualty Damage.

(a) Except as otherwise provided by law or in the Declaration or these By-Laws, damage to or destruction of any of the property of the Homeowners Association shall promptly be repaired and restored by the Homeowners Association using the proceeds of insurance, if any, held by the Homeowners Association for that purpose, and the Lot Owners shall be liable for assessment for any deficiency in such proceeds in proportions to their respective undivided interests in the property of the Homeowners Association, except that if and to the extent that such deficiency exists solely by reason of a "deductible" provision in the insurance policy or policies held by the Homeowners Association, such deficiency shall be assessed against all Lot Owners as a Common Expense.

(b) The Homeowners Association shall be responsible for accomplishing the full repair or reconstruction of any Common Areas, the cost of which shall be paid out of the funds of the Homeowners Association and assessed as above provided. The Homeowners Association shall be responsible for restoring said Common Areas only to substantially the same condition as it was immediately prior to the damage.

(c) Immediately after a casualty causing damage to any Common Area for which the Homeowners Association has the responsibility of maintenance and repair, the Homeowners Association shall obtain reliable and detailed estimates of the cost to restore the damaged Common Area to the condition hereinbefore specified. Such costs may include professional fees and premiums for such bonds as the Homeowners Association desires.

(d) The proceeds of insurance collected on account of casualty, and the sums received by the Homeowners Association from collections of assessments against Lots Owners on account of such casualty, shall constitute a construction fund which shall be disbursed by the Homeowners Association for payment of the costs of any and all reconstruction and repair in the following manner:

(i) If the amount of the estimated costs of reconstruction and repair of the damaged or destroyed Common Area is less than 25% of the insurable value of the Common Area, then the construction fund shall be disbursed for payment of such costs upon order of the Board provided, however, that upon request of a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided in the following paragraph (ii).

(ii) If the estimated cost of reconstruction and repair of the damaged or destroyed Common Area is more than 25% of the insurable value of the Common Area, then the construction fund shall be disbursed in payment of such costs upon approval of an appropriate licensed professional in New Jersey and employed by the Homeowners Association to supervise such work. Payment is to be made from time to time as the work progresses. The appropriate licensed professional shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the appropriate licensed professional, or other persons who have rendered services or furnished materials in connection with the work: (a) that the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) that there is no other outstanding indebtedness known to the said appropriate licensed professional for the services and materials described; and (c) that the cost as estimated by said appropriate licensed professional for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(e) In the event there are any surplus monies in the construction fund after the reconstruction or repair of the casualty damage has been fully completed and all costs paid, such sums shall be distributed or credited to the Lot Owners and their Mortgagees who are the beneficial owners of the fund.

ARTICLE XII ANNUAL COMMON EXPENSE ASSESSMENT

1. Payable by the Declarant. Until the first transfer of a Lot to a Lot Owner, the Declarant shall be solely responsible for all expenses of the Homeowners Association.

2. Payable by Lot Owner. Following the first transfer of a Lot as aforesaid to the Lot Owner Association, each Lot Owner shall be liable for an Annual Common Expense Assessment, the amount of which shall be established by the Board on an annual basis and which shall be payable on a monthly basis or at such times as the Board shall otherwise determine. Such Annual Common Expense Assessments shall be applied to the expenses of administration, maintenance, repair and replacement of the property of the Homeowners Association. The Board shall give written notice to each Lot Owner of the amount estimated by the Board for the forthcoming budget year. This notice shall be directed to the Lot Owner at his last known address by ordinary mail or hand delivery. In the event common expenses are not paid by the Lot Owner as required, the Board may assess fines, liens, delinquency assessments, costs of collection and interest at 18% per annum.

Lots owned by the Declarant will not be assessed an Annual Common Expense Assessment until the month the Lot shall be first certified for occupancy by the local governmental authority.

3. Surplus Funds. Any surplus of common expense funds remaining after payment of the common expenses may be used by the Association for any lawful purpose. The unused portion shall be proportionately divided among Lot Owners, based on their interests in the Common Areas. This surplus shall be credited to the Lot Owner's future Annual Common Expense Assessments.

ARTICLE XIII AMENDMENTS

1. By Majority of Lot Owners. These By-Laws may be altered or repealed, or new By-Laws may be made, at any meeting of the Homeowners Association duly constituted for such purposes, and previous to which written notice to Members of the exact language of the amendment or of the repeal shall have been sent, a quorum being present, by an affirmative vote of sixty-seven (67%) percent of the votes entitled to be cast in person or by proxy, except that (a) the first annual meeting may not be advanced, (b) the first Board (including replacement in case of vacancies) may not be enlarged or removed, and (c) the obligation or the proportionate responsibility for the payment of Annual Common Expense Assessments with respect to Lots may not be changed by reason of any such amendment or repeal. Any alteration or repeal of these By-Laws shall be subject further to the approval of Mortgage Holders representing not less than fifty-one (51%) percent of the votes of Lot Owners which are subject to mortgages.

2. By Declarant. So long as the Declarant owns at least one Lot which it is holding for sale in the normal course of business, Declarant shall have the right to amend these By-Laws by acting unilaterally and without a vote of other Members, to the extent necessary to make the By-Laws conform with the then current requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, and with New Jersey Law. If any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provision of these By-Laws that is unenforceable by law, defective, missing or inconsistent with any other provision hereof or with any governing Certificate of Incorporation, Declaration, Rules and Regulations, or these By-Laws, then and in that event at any time the Board may effect an appropriate corrective amendment without the approval of the Lot Owners or any mortgage holder or any other party having an interest in the Property or any Lot, upon receipt by the Board of an opinion from independent legal counsel that the proposed amendment is permitted under the terms of this paragraph.

3. Effective Date. No amendment of these By-Laws under paragraphs 1 and 2 shall be effective until recorded in the same office as these By-Laws, i.e., the Office of the Gloucester County Clerk.

ARTICLE XIV CONFLICT

If any provision of these By-Laws is in conflict with contradicts or is inconsistent with the Declaration, the Certificate of Incorporation of the Homeowners Association, or with the requirements of any law, the terms and provisions of the Declaration, the Certificate of Incorporation or such law shall be deemed to be controlling, and the Members covenant to vote in favor of such amendments in these By-Laws or the Certificate of Incorporation of the Homeowners Association or any other documents (other than the Declaration) as will remove such conflicts or inconsistencies.

ARTICLE XV MISCELLANEOUS

1. Notices. Any notices required to be sent to the Homeowners Association shall be sent by certified mail, return receipt requested, to the Board in care of the Secretary of the Homeowners Association and/or to the Manager.

Any notice required to be sent to any Member shall be deemed to have been properly sent and notice thereby given if forwarded by regular mail with postage prepaid, addressed to the Member at the last known address of the person who appears as a Member on the records of the Homeowners Association at the time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Homeowners Association in writing of any change of address or ownership.

Unless otherwise provided herein or in the Declaration, all notices shall be deemed to have been given when mailed except notice of change of address which shall be deemed to have been given when received.

2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the enforceability or effect of the balance of these By-Laws.

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

4. Corporate Seal. The Homeowners Association shall have the seal in circular form having within its circumference the words "RITTENHOUSE AT LOCUST GROVE HOMEOWNERS ASSOCIATION, INC."