
PUBLIC OFFERING STATEMENT

FILED BY

**AMI, INC.
2109 St. Georges Avenue
Rahway, New Jersey 07065**

for

96 Condominium Units

located in Mahwah Township pursuant to the requirement of the Planned Real Estate Development Full Disclosure Act (*N.J.S.A. 45:22A-21 et seq.*) and the Rules and Regulations promulgated thereunder.

Designated As

POND MEADOWS, A CONDOMINIUM

Location: Mahwah, New Jersey

**THIS DEVELOPMENT IS RESTRICTED TO RESIDENTS 55 YEARS
OF AGE OR OLDER AND THE SPOUSES OF SUCH PERSONS**

NOTICE TO PURCHASERS

THIS PUBLIC OFFERING STATEMENT IS FOR INFORMATION PURPOSES ONLY. PURCHASERS SHOULD ASCERTAIN FOR THEMSELVES THAT THE PROPERTY OFFERED MEETS THEIR PERSONAL REQUIREMENTS. THE NEW JERSEY DIVISION OF HOUSING AND DEVELOPMENT HAS NEITHER APPROVED NOR DISAPPROVED THE MERITS OF THIS OFFERING.

BE SURE TO READ CAREFULLY ALL DOCUMENTS BEFORE YOU SIGN THEM.

EFFECTIVE DATE OF THIS PUBLIC OFFERING STATEMENT: JULY 11, 1985

PUBLIC OFFERING STATEMENT
FOR
POND MEADOWS, A CONDOMINIUM

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EXHIBITS

- A Master Deed
- B Certificate of Incorporation of The Pond Meadows
Condominium Association, Inc.
- C By Laws of The Pond Meadows Condominium Association,
Inc.
- D Budget and Letter of Adequacy
Letter of Adequacy of Hazard and Liability Insurance
- E Management Agreement
- F Bargain and Sale Deed
Contract of Sale

Note: The Certificate of Incorporation and By-laws of The Pond Meadows Condominium Association, Inc. are included only as separate Exhibits, and copies are not included as part of the Master Deed.

FOREWARD

THE PURCHASE OF A CONDOMINIUM OR, FOR THAT MATTER, ANY REAL ESTATE INVOLVING A COMMON INTEREST, INVOLVES NOT ONLY THE ACQUISITION OF AN INTEREST IN REAL ESTATE BUT ALSO A COMMITMENT ON THE PART OF THE PURCHASER TO ACCEPT CERTAIN CONDITIONS AS OUTLINED IN THE MASTER DEED AND TO ABIDE BY THE BY LAWS FOR THE CONDOMINIUM ASSOCIATION. THESE INSTRUMENTS ARE INTERRELATED AND ARE JUST AS IMPORTANT AS THE PHYSICAL UNIT. THE CONTENTS OF THESE INSTRUCTIONS VARY WITH EACH COMMUNITY.

THE PURCHASE AGREEMENT REPRESENTS THE AGREEMENT BETWEEN BUYER AND SELLER AND IS THE MOST IMPORTANT DOCUMENT SINCE IT ALSO INCLUDES BY REFERENCE THE PROVISIONS INCLUDED IN THE MASTER DEED AND RELATED BY LAWS.

IT IS URGENTLY STRESSED THAT EACH PROSPECTIVE BUYER THOROUGHLY UNDERSTAND THESE DOCUMENTS BEFORE HE UNDERTAKES THE PURCHASE OF A UNIT. IT IS RECOMMENDED AND EMPHASIZED THAT THE PURCHASER ENLIST THE SERVICES OF HIS OWN ATTORNEY TO SAFEGUARD HIS INTERESTS.

THE PURCHASER UNDER THIS PLAN HAS THE RIGHT TO CANCEL THE PURCHASE AGREEMENT, WITHOUT CAUSE, BY DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE SPONSOR BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE PURCHASE AGREEMENT IS EXECUTED AND ALL MONIES PAID BY THE PURCHASER WILL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

1. NAME AND PRINCIPAL ADDRESS OF DEVELOPER.

Ami, Inc. (hereinafter referred to as the Developer), a New Jersey Corporation, with its principal office at 2109 St. Georges Avenue, Rahway, New Jersey 07065, proposes to offer for sale condominium units to be constructed in Mahwah Township, Bergen County, New Jersey, pursuant to the provisions of this Public Offering Statement.

This Development is restricted to residents 55 years of age or older and the spouses of such persons. When necessary for the care of persons 55 years of age or older, one person other than a spouse under 55 years of age shall be permitted to reside in a unit.

2. DESCRIPTION OF INTEREST TO BE OFFERED.

The development will be known as Pond Meadows, A Condominium and will consist of 96 condominium dwelling units.

Under the condominium form of ownership, a unit consists of the space bounded by the upper surface of the uppermost ceiling of the unit, the lower surface of the lowest subfloor of the unit, the innermost surface of the studding of perimeter walls, or where no wall exists, the exterior surface of the windows or doors located on the perimeter of such unit. Each unit also includes all built-in appliances, fixtures, doors, windows, interior walls and partitions and gypsum board and/or facing material of the walls and ceiling thereof. Just as a private, single family homeowner owns his home, the

condominium owner owns this area in fee simple and is entitled to the exclusive possession of the dwelling. Each unit owner may mortgage his unit. His unit is not subject to the lien placed by his neighbor on another unit. He may lease, sell and convey his unit, and may dispose of it by gift or devise. He may decorate its interior in any way he wishes.

Each condominium unit is to be taxed as a separate dwelling for real estate tax purposes. Failure of one unit owner to pay his real estate taxes on his individual unit does not mean his neighbors accept financial responsibility for the default. In addition, the unit owner may claim a federal income tax deduction for real estate taxes and mortgage interest paid on his unit, in accordance with existing laws.

In addition to ownership of the areas encompassed by the condominium unit, the condominium owner also owns an equal, undivided proportionate share of all of the common elements in the condominium.

These common elements include, but are not limited to, the community building, roofs, the lands on which the condominium unit buildings are located, parking areas, roadways and common walls. When an owner sells his interest in a condominium unit, he conveys both the living space and his undivided interest in the common elements.

The common elements will be maintained by the Pond Meadows Condominium Association, Inc. Each unit owner is a member of the Association by virtue of his unit ownership, and must pay his share of the cost of maintaining the common

elements. The specific obligations of unit owners with regard to payment of such assessments are set forth in the Master Deed, attached hereto as Exhibit "A". The payment of these assessments will be borne equally by all unit owners.

3. DESCRIPTION OF THE PROPERTY.

Pond Meadows will consist of 96 units located in 16 buildings of 6 units each on 13.02 acres. Each 6 unit building will have four center, one-floor units in two stories, with one unit on each side of the center four units. There will be a 900 square foot, one-floor community building, containing a kitchen and restrooms. Completion is presently projected for April, 1987. The units will contain approximately 1,100 square feet.

A copy of the Developer's most recent financial statement shall be available at the sales office.

4. COMMUNITY INFORMATION.

Fire protection to the Community is provided by the Township of Mahwah Volunteer Fire Company having approximately 150 members and nineteen (19) pieces of fire fighting apparatus. The Company is alerted by sirens and plectrons and is located approximately one (1) mile from the property.

The Township of Mahwah Police Department provides police protection to the community. The Police Station is located on Franklin Turnpike, approximately one (1) mile from the property and services a population of approximately 13,500

within a twenty-six and one-half (26-1/2) square mile area. The Department has approximately forty (40) police officers, six (6) patrol cars and four (4) undercover vehicles.

The Community is served by the Mahwah Rescue Squad which is headquartered in the Fire Company building approximately one (1) mile from the Property. The Mahwah Rescue Squad is a volunteer squad having approximately fifteen (15) members and three (3) ambulances. The Squad is alerted by sirens and plectrons and is available to provide ambulance transportation.

Good Samaritan Hospital is approximately 5 miles from the Property, located in Suffern, New York. The Hospital offers ambulatory and acute health care services for the entire family from preventive medicine through emergency intervention. Valley Hospital is located in Ridgewood, New Jersey, approximately 8.8 miles from the property. The hospital is a fully accredited 387 bed not-for-profit community health care facility serving the residents of Bergen and Passaic Counties with 1,532 employees and a medical staff of approximately 314 physicians and dentists.

Transportation facilities convenient to the property include the Short Line Bus Station located approximately 0.6 miles from the property providing regularly scheduled bus service to New York City and many points in northern New Jersey.

The Conrail Railroad Station is located approximately 2.1 miles from the property and provides access

to either Penn Station or the World Trade Center in New York City in conjunction with the Port Authority Trans-Hudson (PATH) service.

Public schools serving the Township of Mahwah and the property include The Commodore Perry School, serving grades 1 through 3, is located approximately 2.4 miles from the property. The Joyce Kilmer School serving grades 4 and 5, is located approximately 3.3 miles from the property. Grades 6 through 8 are located in the Ramapo Ridge School, approximately 3.5 miles from the property, and grades 9 through 12 are located in Mahwah High School, approximately 3.1 miles from the site. Bus transportation to and from all of these schools is provided by the Mahwah Board of Education. Ramapo State College, a four-year college offering a liberal arts and sciences program is approximately 4 miles from the property in Mahwah, New Jersey.

Located in the Township of Mahwah are such houses of worship as Holy Cross Lutheran Church, approximately 2.9 miles from the site. The Ramapo Branch of Fair Lawn Jewish Center is approximately 0.9 miles from the property and the Fardale Trinity Church is approximately 4 miles from the property. The Immaculate Heart of Mary Church is approximately 2.7 miles from the property, the Campgaw Union Church approximately 4.8 miles and the Immaculate Conception Church is approximately 5 miles.

Sanitary sewer services to the Property are provided by the Township of Mahwah under contract with the Northwest Bergen County Utilities Authority. Water is also provided by

the Township of Mahwah. Electric Service is provided by the Rockland Electric Company. Each dwelling will be individually metered. Gas service is provided by Public Service Electric and Gas Company. Telephone service is provided by New Jersey Bell Telephone Company.

The Sponsor has been advised that cable TV service will be provided by Teleprompter Cable TV, 386 Route 17 South, Mahwah, New Jersey. The buildings within the Community will be prewired for cable television, however, each owner will be responsible for the initiation of cable television service for his dwelling.

Any arrangements for cable television hook-up shall be undertaken in accordance with any applicable restrictions set forth in the Master Deed or By Laws of the Association. Any charges in connection with cable television hook-up or subscription for service shall be the sole financial obligation of the individual Owner and shall not be a common expense of the Association. Prospective purchasers interested in cable television should make their own independent inquiries to the franchise holder in this regard.

5. IMPROVEMENTS TO BE INSTALLED BY DEVELOPER.

Developer will construct private streets which will connect the condominium unit buildings so that there will be access to Chapel Road, Northerly Drive, Southerly Drive and Pond Meadows Drive. Northerly Drive, Southerly Drive and Ponde Meadows Drive will be private roads. All streets will be built

to municipal specifications. In addition, Developer will provide landscaping, trees and shrubs. There will be a 900 square foot, one floor community building, containing a kitchen and restrooms. Completion is presently projected for April, 1987.

6. OPERATION AND MANAGEMENT OF COMMON ELEMENTS AND FACILITIES.

The Pond Meadows Condominium Association, Inc. will be established as a New Jersey non-profit membership corporation (see Exhibit B) prior to the conveyance of the first unit to a purchaser. The maintenance and management of the common areas will be conducted by the Association which ultimately will be composed solely of the owners of all units in the development. A purchaser of a unit is automatically a member of the Association upon such purchase.

The Association will collect a monthly assessment representing each individual unit owner's proportionate share of the expense of administering and maintaining the common elements.

All common elements will be operated and maintained in accordance with the terms of the By Laws of the Association attached hereto as Exhibit C. Control and voting rights within the Association will be in accordance with the Master Deed, attached hereto as Exhibit A, and related By Laws.

7. CONTROL OF THE COMMON ELEMENTS AND FACILITIES.

In accordance with By Laws of The Pond Meadows

Condominium Association, Inc., the affairs of the Association and in particular the management and maintenance of the common elements will be managed by the Association's Board of Trustees.

The Association will have a five member Board of Trustees. In order to properly and efficiently develop the properties herein referred to, the Developer reserves the right to control the Association by the election of all Trustees initially and during the period of development subject to the following limitations:

1. Within 60 days after conveyance of 25% of the units, 40% of the Board of Trustees shall be elected by the owners other than Developer at a special election for such purpose called by the Board.

2. Within 60 days after conveyance of 75% of the units, Developer's control of the Board of Trustees shall terminate at which time the Owners, other than Developer, shall elect the entire Board, at a special election for such purpose called by the Board, except that Developer reserves the right to elect one member of the Board of Trustees for so long as there are any units remaining unsold in the regular course of business.

Notwithstanding the foregoing, Developer must turn over control of the Association to the Unit Owners no later than 5 years following conveyance of the first unit.

The officers of the Association shall be elected annually by the Board of Trustees at a meeting called for that purpose or at the Board's organizational meeting following its election by the members. The officers of the Association shall be a president, vice president, secretary and treasurer and other officers as the Board of Trustees may deem to be necessary and appropriate.

A copy of the instrument creating The Pond Meadows Condominium Association, Inc. is attached hereto as Exhibit B and a copy of its By Laws are attached hereto as Exhibit C.

8. COPY OF BUDGET AND LETTER OF ADEQUACY.
LETTER OF ADEQUACY OF HAZARD AND LIABILITY COVERAGE.

A copy of the budget of The Pond Meadows Condominium Association, Inc. and a letter of adequacy of said budget are attached as Exhibit D. The budget is for the first year of full occupancy based upon construction and conveyance to unit purchasers of 96 units and reflects the proposed annual assessment and monthly charges to be assessed to each type of unit. Also included as Exhibit D is a letter of adequacy of the hazard and liability insurance coverage for Pond Meadows.

9, 10. DESCRIPTION OF MANAGEMENT CONTRACT AND RELATIONSHIP
BETWEEN SPONSOR AND MANAGING AGENT.

Management of the common areas will be provided by Diamond Management Co., 2109 St. Georges Avenue, Rahway, New Jersey. Diamond Management Co. is a partnership of Allen

Weingarten, Ira Friedland and Martin Friedland who own Developer, Ami, Inc. Said Management Agreement will be for a one year term, renewable at the end of the year.

The Management Contract will be terminable by the Association, without cause, upon ninety (90) days' written notice to the managing agent. A copy of the Management Contract is attached hereto as Exhibit E.

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

11. MASTER DEED.

Developer will, prior to the conveyance of title for the first unit, record a Master Deed (Exhibit A). This document contains provisions governing the use, maintenance and enjoyment by all unit owners of all common elements, and defines the rights and duties of condominium unit owners. The units are purchased subject to all of the terms and conditions as set forth in the Master Deed, which is part of this Public Offering Statement.

12. RESTRICTIONS.

The Condominium is subject to all covenants,

restrictions and easements of record and to the following restrictions:

(a) No Unit, except those Units owned by the Sponsor and used by it as sales offices, administrative offices or models, shall be used for any purpose other than as a private residence.

(b) No clothes poles or lines shall be installed or maintained. No clothes, plants or other hanging items, objects or devices shall be allowed to hang on or be attached to the exterior of the building, including, but not limited to, railings or fences.

(c) No animals, livestock or poultry of any kind shall be raised, bred, or kept in any Unit or on the Property. No dogs, cats or other household pets are permitted, nor may any visitor bring pets onto the premises.

(d) No trailer, tractor, truck (commercial or unregistered), mobile home, recreation vehicles, boat, boat trailer or the like shall be stored or housed or parked on the Property, except that this restriction shall not apply to trucks and equipment stored on the Property by the Sponsor, the Association and/or management agent for use in maintaining the Property or any portion thereof. No washing, cleaning or repairing of cars may be done anywhere on the Property.

(e) No portion of the Common Elements or other portion of the Property thereof shall be used or maintained for the dumping of rubbish or debris. Trash, garbage or other waste shall be kept in sanitary containers on the Property for

weekly or more frequent collection. No barbecue(s) shall be allowed on the Property, except as set forth in Section (h) below.

(f) No exterior loudspeaker other than as contained in portable radios or television sets shall be permitted. No unshielded floodlights shall be installed in any exterior area of any Unit; except Sponsor may install exterior floodlights for lighting Common Areas.

(g) No sign of any kind shall be displayed on any living unit except for signs utilized by the Sponsor for directional, identification, traffic, sales or marketing purposes, without the prior approval of the Association in accordance with Section 12(r) herein.

(h) No external or visible radio, television or any type of communication aerial or antenna shall be installed or affixed on or about the exterior of any Building constructed or erected on the Property, or elsewhere on such Property. No storage of any materials or personalty shall be permitted on front porches, patios, decks, limited common areas and common areas, on the Property, except on the patios and decks, Unit Owners may maintain chairs, tables and barbecues for recreational use. Such chairs, tables and barbecues shall mean outdoor casual furniture intended for summer use. Barbecues when used must be a minimum of 5' away from the side of the building, and may be stored next to the building when cooled. Notwithstanding anything to the contrary, owners who

MASTER DEED FOR
POND MEADOWS, A CONDOMINIUM

PREPARED BY:
JANICE K. SCHERER, ESQ.

MASTER DEED FOR
POND MEADOWS, A CONDOMINIUM

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EXHIBITS: (To Master Deed)

- A Metes and Bounds Description of the Property
- B Map of the Property
- C Drawings of Units and Buildings
- D Schedule of Percentage of Interest in Common Elements
- E By-Laws of Pond Meadows Condominium Association, Inc.
- F Certificate of Incorporation

NOTE: THE BY LAWS ARE EXHIBIT C TO THIS PUBLIC OFFERING STATEMENT.
THE CERTIFICATE OF INCORPORATION IS EXHIBIT B TO THIS PUBLIC
OFFERING STATEMENT.

have fireplaces may store firewood only in one metal hoop designed for that purpose.

(i) No signs of any kind shall be permitted upon the premises except as provided in section (g) above.

(j) 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 Unit Owners, the owner of a Unit shall give the Secretary of The Pond Meadows Condominium Association, Inc., timely notice of his intent to list his Unit for sale, and, upon closing of title shall forthwith notify such Secretary of the names and home addresses of the purchasers.

(k) No Unit Owner or occupant shall build, plant or maintain any matter or thing upon, in, over and under the Common Elements or Property without the prior consent of the Association, in accordance with Section 12(r) herein.

(l) No Unit Owner or occupant shall burn, chop or cut anything on, over or above the Common Elements or any part of the Property.

(m) Unit Owners shall not have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Building, without the prior consent of the Association in accordance with Section 12(r) herein; this includes, but is not limited to, installation of doors and storm windows.

(n) To the extent that equipment, facilities and fixtures, within any Unit(s) shall be connected to similar

equipment, facilities and fixtures affecting or serving other unit(s) or the Common Elements, then the use thereof by the individual Unit Owners shall be subject to the By-Laws and the rules and regulations of the Association.

(o) Nothing shall be done or kept in any Unit or in or upon the Common Elements or on the Property which will increase the rates of insurance of the Building(s) or the contents thereof beyond the rates applicable for Units, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or in or upon the Common Elements or Property which will result in the cancellation of insurance of any of the Buildings or the contents thereof, or which will be in violation of any law.

(p) No noxious or offensive activities shall be carried on, in or upon the Common Elements or Property or in any such Unit nor shall anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other residents in the condominium.

(q) No immoral, improper, offensive or unlawful use shall be made of any Unit, and all valid laws, zoning ordinances or regulations of all governmental bodies having jurisdiction thereof shall be observed.

(r) Nothing shall be done to any Unit or on or in the Common Elements which will impair the structural integrity of any Building or which will structurally change a Building. Water beds of any type shall not be permitted. No Unit Owner (other than the Sponsor) may make any structural

additions, alterations, or improvements in or to his Unit or in or to the Common Elements, without the prior written approval of the Association or impair any easement without the prior written consent of the Association. Structural additions which require such approval prior to construction shall include, but shall not be limited to, sheds and storage buildings.

Extension or removal of fences from their location as placed by Sponsor shall require the prior written consent of the Association. The Board of Trustees of the Association shall have the obligation to answer any written request received by it from a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit or on Common Elements within forty-five (45) days after receipt of such request, and failure to do so within the stipulated time shall constitute a consent to the proposed structural addition, alteration or improvement. Any application to any municipal authority for a permit to make an addition, alteration or improvement in or to any Unit must be approved by the Association and, if approved, shall be executed by the Board of Trustees of the Association and may then be submitted by the Unit Owner. Such approval, however, shall not incur any liability on the part of the Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The Unit Owner shall furnish the Association with a copy of any such permit which he has procured. The provisions of this

subparagraph (r) shall not apply to Units owned by the Sponsor until such Units have been initially sold and conveyed by the Sponsor.

(s) Draperies, blinds, curtains or other window coverings acceptable to the Association must be installed by each Unit Owner on all windows of his Unit and must be maintained in said windows at all times. All floor areas in a Unit must be covered by padding, carpeting, and rugs, tile or linoleum of a size and quantity reasonably acceptable to the Association. These provisions shall not apply to the Sponsor.

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

(u) No Unit shall be rented by the Owner thereof (except a lender in possession of such Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure) or otherwise utilized for transient or hotel purposes, which shall be defined as "(i) rental for any period less than ninety (90) days; or (ii) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverages, maid service, furnishing laundry and linen, and bellboy service", provided, however, that any Unit Owner including Sponsor may rent a Unit for a period of less than ninety (90) days to a contract purchaser. No Unit Owner

may lease less than an entire Unit. Other than the foregoing, Unit Owners, including Sponsor, shall have the right to lease same provided that said lease is in writing and made subject to all provisions of this Master Deed, the By-Laws of the Association and other documents referred to herein, including the right of amendment reserved to Sponsor herein, provided further that any failure of the lessee to fully comply with the terms and conditions of such documents shall constitute a default under the lease, and provided a copy of said lease and any subsequent lease is delivered to the Association within 10 days of its execution. Copies of all lease applications and similar information must be delivered to the Association along with a copy of said written lease.

In the event a tenant of a Unit defaults under his lease by failure to comply with the provisions of this Master Deed, By-Laws or rules and regulations of the Association, then, in addition to all other remedies which it may have, the Association shall notify the Unit Owner of such default(s) and demand that the same be cured through the Unit Owner's efforts within fifteen (15) days after such notice. If such default(s) is not cured within said fifteen (15) day period, then the Unit Owner shall immediately thereafter, at his own cost and expense, institute and diligently prosecute an eviction action against his tenant on account of such default(s). Such action shall not be compromised or settled without the prior written consent of the Association. In the event the Unit Owner fails to fulfill the foregoing obligation, then the Association shall

have the right, but not the duty, to institute and prosecute such action as attorney-in-fact for the Unit Owner and at the Unit Owner's sole cost and expense, including all legal fees incurred. Said costs and expenses shall be deemed to constitute a lien on the particular Unit involved, and collection thereof may be enforced by the Association in the same manner as the Association is entitled to enforce collection of Common Expenses. By acceptance of a deed to any Unit, each and every Unit Owner does thereby automatically and irrevocably name, constitute, appoint and confirm the Association as his attorney-in-fact for the purposes described in this subparagraph (u).

(v) Each Unit Owner shall have the right to mortgage or encumber his Unit, provided that such mortgage or encumbrance is made to a bank, mortgage banker, trust company, insurance company, savings and loan institution, pension fund or other institutional lender or is a purchase money mortgage made to the Sponsor or to the immediate predecessor in title to a Unit.

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

in accordance with his proportionate undivided percentage interest in the Common Elements.

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

(y) The right of the Unit Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal.

(z) All units shall be occupied exclusively by persons 55 years of age or older and the spouses of such persons. When necessary for the care of persons 55 years of age or older, one person other than a spouse under 55 years of age shall be permitted to reside in a unit. In the event the Township of Mahwah reduces the age requirement for adult housing, this provision shall be automatically amended to reduce the age requirement herein to said lower age.

13. DEED TO BE DELIVERED TO PURCHASERS AND CONTRACT WITH PURCHASERS.

The Bargain and Sale Deed from Ami, Inc. to purchaser, evidencing Purchaser's fee simple ownership of the condominium unit and his undivided proportionate share of the common elements, is attached as Exhibit F. A copy of the Purchase Agreement is also attached as Exhibit F.

14. ESCROW ACCOUNT.

All deposits paid under this agreement shall be held in a separate trust account in the Trust Company of New Jersey, Jersey City, New Jersey, by Daniel R. Siegel, Esq., as escrow agent, 2025 Lincoln Highway, Edison, New Jersey 08817, until closing or termination of this agreement in accordance with its terms, unless or until a bond or other guarantee acceptable to the Division of Housing and Development of the State Department of Community Affairs is provided. In the event a bond or other guarantee is acceptable as indicated, then and in that event, the Buyer authorizes all deposit monies to be turned over to the Seller-Developer.

In no event shall the escrow be released before the expiration of the seven (7) days rescission period.

All interest accruing on deposits in the escrow account, if any, shall be the sole property of the Developer and will not be credited to the account of or paid to the purchaser under any circumstances.

15. (Reserved).

16. ENCUMBRANCES, EASEMENTS AND RESTRICTIONS.

There are restrictions as to the use of the units, common areas and facilities. These are fully set forth in the Master Deed. One very important restriction is that occupancy of the homes is limited to those 55 years of age or their spouses. One person under the age of 55 will be permitted to

reside in a unit if necessary for the care of a person over 55 years of age. Please see Section 12, Restrictions on Occupancy, Alienation and Right of Alteration, herein. In addition, there are municipal zoning restrictions which also serve to protect the residential nature of the development.

Pond Meadows is affected by various easements which are more fully set forth in the Master Deed and in any title report and search which will normally be obtained by a purchaser prior to taking title. These easements allow generally for the extension of utilities to the development and for access by public officials and emergency vehicles, such as police and fire vehicles for the safety, health and welfare of the owners. Developer plans to construct a 20 foot wide sanitary sewer easement, a 20 foot wide drainage and retention basin, and there will be a 20 foot wide water easement. All of these proposed easements are to the Township of Mahwah.

Recorded easements are as follows: Sanitary sewer easement in Deed Book 6675, Page 643; terms and conditions easement in Deed Book 6821, Page 870; storm sewer pipe easement in Deed Book 6821, Page 851; easement for right-of-way in Deed Book 2178, Page 458; and easement from Ami, Inc. to Rockland Electric Company, et als. recorded July 9, 1984 in deed book 6848, page 990. The Sponsor has entered into a developer's agreement with the Township of Mahwah, detailing the nature and scope of all improvements to be constructed on the site, including sidewalks along Chapel Road. This agreement requires that the Master Deed provide for the continued maintenance, repair and construction

of all private facilities within the development, including but not limited to roadways, accessways, parking facilities, landscaping, and storm water control including detention basins and utilities. In addition, it provides that refuse collection be by dumpsters, not cans. In addition, Developer has reserved the right to go upon and over the lands of the development during the development period in order to construct, complete and maintain the development.

In that ownership and occupancy of units are governed and regulated by the provisions of the Master Deed and the By-Laws of The Pond Meadows Condominium Association, Inc., such provisions must be considered as restrictions on each unit.

With regard to encumbrances, there is one mortgage covering the property to The Howard Savings Bank. All units, however, as they are conveyed, will be released from the lien of all mortgages. Purchasers will take title free and clear, except, of course, for any mortgages which may be placed by purchasers on individual units.

Owners and residents of Chapel Greens, a development adjacent to Pond Meadows to be constructed by, Sponsor, will have vehicular access through Pond Meadows.

17, 18. NATURAL AND MAN MADE FORCES AFFECTING USE OF PROPERTY

There are no natural or man made forces affecting use of the property to the best of Developer's knowledge.

19, 20. STATEMENT OF TAXES

The equalized ratios of assessed valuation to true valuation and the tax rates for 1984 and the preceding 2 years are as follows:

<u>YEAR</u>	<u>TAX RATIO</u>	<u>TAX RATE PER HUNDRED DOLLARS OF ASSESSED VALUE</u>
1982	50%	\$3.03
1983	50%	3.32
1984	50%	3.97

Each prospective purchaser is encouraged to make independent inquiry with the Mahwah Township tax assessor as to the real estate tax bill for a specific unit.

The Developer is unaware of any existing or proposed special taxes or assessments which might affect the development. The Developer shall be responsible for rollback taxes as set forth in the Farmland Assessment Act of 1964. If any special taxes or assessments are assessed prior to closing, the special tax or assessment will be Developer's responsibility. If such tax or assessment is assessed after closing, it shall be the Purchaser's responsibility.

21. CLOSING COSTS CHARGED BY DEVELOPER.

The closing costs to be paid by the Purchaser to the Developer are as follows:

(a) Purchaser will reimburse the Developer for the cost of the survey, if requested, in the amount of \$150.00;

(b) Purchaser may, at its election, pay Developer \$1,275.00 as a mortgage application fee, which will cover all

fees and expenses relating to the origination and closing of the mortgage loan, the charges of the title insurance company for searches and preparation of the title binder, the costs for mortgagee title insurance premiums, deed and mortgage recording charges, appraisal and inspection fees as may be required by the lending institution, as well as the institution's fee for review of documents. Purchaser is responsible for payment of Purchaser's own title insurance premium for a policy insuring his fee interest on the property.

In addition, Purchaser will pay at closing to the Association a \$300.00 non-refundable Association membership fee. This \$300.00 will be allocated \$200.00 for reserves for emergency contingencies, and \$100.00 for working capital.

22. WARRANTIES.

In accordance with the New Jersey New Home Warranty & Builder's Registration Act (N.J.S.A. 46:3B-1 et seq.), Developer shall provide Purchaser with insurance backed warranty coverage under the program sponsored by Home Owners Warranty Corporation ("HOW"). An exact enumeration of the protection afforded the Purchaser, as well as a description of the standards (Approved Standards) to which the Developer-Builder must conform in constructing the unit are fully described in the specimen HOW Insurance/Warranty Documents (HOW 500), which are available from developer.

Generally, the Developer-Builder warrants:

(1) that for one year the unit will be free from defects due to non-compliance with the Approved Standards; and

(2) that during the second year the unit will be free from major structural defects and that the plumbing, electrical, heating, cooling and ventilating systems of the home, exclusive of fixtures, appliances or items of equipment, will be free from defects due to non-compliance with the Approved Standards.

The Developer-Builder warrants that if a defect occurs in an item which is covered by the warranty, the Developer-Builder, subject to warranty liability limits, will repair, replace or pay the reasonable cost of repairing or replacing the defective item. The Developer-Builder is not responsible for warranting items which have been subject to owner's neglect, modification or abnormal use. In the event the Developer-Builder does not perform under the warranty, HOW, as the administrator of the Developer-Builder's warranty, will meet the Developer-Builder's warranty obligation, subject to a one-time \$250.00 charge to the Purchaser.

In addition, major structural defects are insured by a national insurance company for an eight-year period beginning two (2) years after commencement of the Developer-Builder's warranty. Subject to policy limits and the deductible provided in the insurance policy (coverage under the policy is subject to a 1% deductible per claim subject to approval by the New Jersey State Department of Community Affairs), if a major structural defect is covered by the policy, the Insurer will

repair or replace that defect or will pay the reasonable actual cost of such repair or replacement.

If for any reason insurance backed warranty coverage is unavailable under the Home Owners Warranty (HOW) Program, insurance backed warranty coverage required by N.J.S.A. 46:3B-1 et seq. shall be provided through an alternative warranty security program approved by the New Jersey State Department of Community affairs pursuant to N.J.S.A. 46:3B-1 et seq.

In addition to the foregoing, the Developer warrants that all outbuildings, walkways, patios, retaining walls and fences located on the property to be conveyed shall be free from substantial defects due to material and workmanship for a period of one year from the date of closing or the date of possession, whichever comes first; that all drainage is proper and adequate; that all off site improvements are free from defects for a period of one (1) year from the date of construction; and, that all lots, parcels, units, or interests are fit for their intended use.

The Developer warrants that any lot, parcel, unit, interest or common facility will substantially conform to the model, description or plans used to induce the Purchaser to enter into a contract or agreement to purchase unless noted otherwise in the contract.

Developer warrants that the construction of all improvements to the common property shall be free from substantial defects in workmanship or materials for a period of two years from the date of completion of each such improvement,

or portion thereof. In addition, the Developer warrants that said improvements are fit for their intended use. Developer shall be obligated to promptly repair or correct any substantial defect in construction, materials or workmanship in said improvements within a reasonable time after notification of the defect. This warranty agreement with the Association regarding common elements shall constitute Developer's sole obligation to the Purchaser with respect to the common property.

While the Developer maintains control of the executive board, he shall take no action which adversely affects a homeowner's rights under N.J.A.C. 5:25-5.5. Claims relative to defects in common elements shall be processed in accordance with N.J.A.C. 5:25-5.5.

23. (Reserved).

24. CANCELLATION

THE PURCHASER UNDER THIS PLAN HAS THE RIGHT TO CANCEL THE PURCHASE AGREEMENT, WITHOUT CAUSE, BY DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE PURCHASE AGREEMENT IS EXECUTED AND ALL MONIES PAID BY THE PURCHASER WILL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

25. HAZARD INSURANCE.

The common elements of the condominium will be

insured, on an all risk basis, in an amount equal to replacement cost, \$3,360,000.00. In addition, comprehensive general liability insurance with a \$1,000,000 limit will be included. This insurance will protect the Association and owners from acts of negligence in connection with the common areas. An umbrella liability policy will extend this general liability policy in an amount to be determined by the Association's Board of Trustees. Currently the umbrella policy limit is \$3,000,000. Statutory workers' compensation insurance, and fidelity insurance in the amount of \$100,000, will be provided.

Unit owners must obtain their own property and liability insurance with regard to coverage within the confines of each unit.

No flood insurance is necessary for the Pond Meadows location.

EXHIBIT A
MASTER DEED

MASTER DEED
FOR
POND MEADOWS, A CONDOMINIUM

THIS MASTER DEED, made this day of ,
1985, by Ami, Inc., a New Jersey Corporation, having its
principal office at 2109 St. Georges Avenue, Rahway, New
Jersey, hereinafter referred to as "Sponsor".

WHEREAS, Sponsor is the owner of the fee simple
title to lands and premises located in the Township of Mahwah,
County of Bergen and State of New Jersey, described in Exhibit
"A" attached hereto and made a part hereof, which lands and
premises are hereinafter referred to as the "Property"; and

WHEREAS, it is the present intention of Sponsor to
construct 96 multi-family dwelling units hereinafter referred
to as "units," together with certain roads, driveways and other
improvements all as more particularly shown on that certain map
attached hereto and made a part hereof as Exhibit "B"; and

WHEREAS, it is the intention of the Sponsor to
establish the form of ownership of the Property as a
condominium pursuant to the provisions of R.S. 46:8B-1; and

WHEREAS, it is the intention of the Sponsor to
restrict the occupancy of such dwelling units to persons 55
years of age or older and the spouses of such persons; and

WHEREAS, the Sponsor has established The Pond
Meadows Condominium Association, Inc., a New Jersey non-profit
corporation, for the administration, operation, and management

of Pond Meadows, A Condominium, and other improvements intended for the common use and enjoyment of the residents of the Property; and

WHEREAS, Sponsor intends to establish the Condominium as a 96 unit Condominium, and to those ends causes this Master Deed to be executed and recorded, together with all necessary Exhibits thereto.

THEREFORE, WITNESSETH:

1. ESTABLISHMENT OF CONDOMINIUM - The Sponsor does hereby submit, declare and establish "Pond Meadows, A Condominium" in accordance with R.S. 46:8B-1 to 30 for that parcel of land described in Exhibit A hereto as "Pond Meadows, A Condominium," and as more particularly shown on Exhibit B aforesaid.

2. DEFINITIONS - For the purpose hereof, the following terms shall have the following meanings unless the context in which same is utilized clearly indicates otherwise:

(a) "Condominium" shall mean (i) all the lands described in Exhibit A aforesaid; (ii) all improvements now or hereinafter constructed in, upon, over or through such lands whether or not shown on any exhibit hereto; (iii) all rights, roads, waters, privileges and appurtenances thereto belonging or appertaining; and (iv) all lands and improvements submitted to this Master Deed by amendment thereto.

(b) "Unit" shall mean a part of the Condominium designated and intended for independent use as a

residential dwelling, and shall not be deemed to mean any part of the General Common Elements situated within or appurtenant to a Unit, as more specifically described in Paragraph 4 hereof. The word "unit", when used in this Master Deed, shall be deemed to refer to each unit of the condominium units herein described and shown as Exhibit "C", whether or not such unit is constructed at the time of the recording of this Master Deed. Any uncompleted units, when completed, shall be subject to the provisions hereof.

(c) "Common Elements" shall have the same meaning as "common elements" pursuant to R.S. 46:8B-3(d), except as same may be modified by the provisions of Paragraphs 5 and 6 hereof.

(d) "Common Expenses" shall, subject to the provisions of Paragraph 6 hereof, mean all those expenses anticipated by R.S. 46:8B-3(e), in addition to all expenses incurred by the Association, or their respective directors, officers, agents or employees, in the lawful performance of their respective duties.

(e) "Property" shall mean the Buildings, the land described in Exhibits "A", "B" and "C" and all improvements now or hereinafter constructed in, upon, over or through such lands.

(f) "Association" shall mean The Pond Meadows Condominium Association, Inc., a New Jersey non-profit corporation, formed to administrate, manage and operate the

common affairs of the Unit Owners of the Condominium and to maintain, repair and replace the General Common Elements of the Condominium.

(g) "Articles of Incorporation" shall mean the Articles of Incorporation of The Pond Meadows Condominium Association, Inc.

(h) "By Laws" shall mean the By Laws of The Pond Meadows Condominium Association, Inc., attached hereto as Exhibit "E".

(i) "Building" shall mean any Building containing a Unit(s) and/or any other enclosed structure constructed or hereafter constructed upon the land described in Exhibit "A" and shown on Exhibits "B" and "C".

(j) "Developer and Sponsor" shall refer to Ami, Inc., its successors and assigns. Unless the context clearly indicated otherwise, all definitions set forth in R.S. 46:8B-3 are incorporated herein by reference and the definitions set forth above shall be used in conjunction therewith.

(k) "Eligible Mortgage Holder" shall mean a holder of a first mortgage on a unit estate who has requested notice of certain matters pursuant to the provisions herein.

(l) "Eligible Insurer or Guarantor" shall mean an insurer or governmental guarantor of a first mortgage who has requested notice of certain matters pursuant to provisions herein.

3. CONDOMINIUM PROPERTY - As stated in Paragraph 1 herein, the lands and premises owned by Sponsor which are hereby made subject to this Master Deed are those lands described as Pond Meadows, A Condominium, on Exhibit A attached hereto, and shown on the Map attached hereto as Exhibit "B".

4. GENERAL DESCRIPTION OF CONDOMINIUM - The Condominium will consist of 96 units, all as shown on Exhibit "B", and includes all rights, roads and appurtenances thereto belonging or appertaining.

5. DESCRIPTION OF UNITS - The dimensions, area and location of the Buildings and all of the aforesaid Units within the Condominium subject to the condominium regime are as shown graphically on Exhibit "B" and Exhibit "C" as same may be amended from time to time as herein provided. Each unit is intended to contain all space within the area bounded by the interior surface of the exterior perimeter or party walls of each Unit and the floor and the ceiling of each as follows:

BOTTOM: The bottom of each multi-story Unit is an imaginary horizontal plane through the lowest point of the exterior surface of each portion of the basement floor within the Unit. In single story Units the bottom is an imaginary horizontal plane through the lowest point of the exterior surface of each portion of subfloor within the Unit, or in the case of any steps therein, the lowest point of the exterior unfinished surface of each tread, and extending in every direction to the point where it closes with a side of such Unit

or in the case of steps, where the tread closes with the exterior unfinished surface of a riser.

TOP: The top of each type of Unit is an imaginary plane along and coincident with the unfinished and unexposed surface of the gypsum board, which forms the ceiling of the uppermost story in the Unit where it closes at every side of such Unit.

SIDES: The sides of each Unit are imaginary vertical planes along and coincident with the innermost surface of the studding of the perimeter walls, or where no wall exists, an imaginary vertical plane along and coincident with the exterior surface of the windows or doors located on the perimeter of such Unit, and each side extends upwards and downwards so as to close the area in each said Unit bounded by the bottom and top of the Unit.

Each unit, regardless of type, also includes all built-in appliances, fixtures, doors, windows, interior walls and partition, gypsum board and/or other facing material on the walls and ceilings thereof, chimneys and flues, the inner decorated and/or finished surfaces of the floors (including all flooring tile, ceramic tile, finished flooring, carpeting and padding) and all other improvements located within such Unit described, or which are exclusively appurtenant to such Units, although all or part thereof may not be located within the Unit, and shall include, but not be limited to, the following individual appurtenances:

- (a) Complete heating system and any air conditioning system (including compressors);
- (b) Hot water heater;
- (c) So much of the plumbing system as extends from the walls and floors into the interior air space;
- (d) All electrical wires which extend from the ceilings, walls or floors into the interior air space and all fixtures, switches, outlets and circuit breakers;
- (e) All utility meters not owned by the public utility agency supplying service; and
- (f) All cable television wiring.

Interior partitions or nonbearing walls within the confines of each Unit may, from time to time, be removed or replaced subject to the prior written approval of the Board of Trustees of the Association. In the event a Unit Owner does remove or replace any or all such interior partitions or walls, no amendment of the Master Deed will be necessary or required. No Unit may be partitioned or subdivided without the prior written approval of the holder of any first mortgage loan on such unit and the Board of Trustees of the Association.

6. DESCRIPTION OF COMMON ELEMENTS - All appurtenances and facilities and other items which are not part of the Units hereinbefore described in Paragraph 5 shall

comprise the Common Elements as graphically shown on Exhibit "C" aforesaid. The common elements shall also include by way of description, but not by way of limitation, all of the following to the extent included within the area described in Paragraph 1 of this Master Deed;

(a) All lands submitted to the Condominium under this Master Deed, whether improved or unimproved; and

(b) All private streets, curbs and sidewalks subject to the easements and provisions set forth in Paragraph 7 hereof; and

(c) The parking spaces within the lands described in Paragraph 1 of this Master Deed shall constitute Common Elements for the non-exclusive use of the Unit Owners. The Unit Owner's right to use such parking space shall be appurtenant to his Unit and shall terminate upon conveyance of title to such Unit. The Association shall be responsible for the care and maintenance of said parking spaces including snow removal; and

(d) Lawn areas, shrubbery, conduits, utility lines, underground sprinkler system and waterways, subject to easements and provisions set forth in Paragraph 7 hereof; and

(e) Public connections and meters for gas, electricity, telephone and water not owned by the public utility or other agencies providing such services; and

(f) The roofs, foundations, columns, girders, beams, supports, exterior or interior bearing or main walls and floors between Units; and

(g) Exterior lighting and other facilities necessary to the upkeep and safety of the Buildings and grounds; and

(h) Any easement or other right which may now or hereafter be granted for the benefit of the Unit Owner(s) or others for access to or use of the Common Elements not included within the Condominium or for any other purpose; and

(i) All tangible personal property required for the operation, maintenance and administration of the Condominium which may be owned by the Association; and

(j) Master antenna and master antenna wiring; and

(k) All other elements of any improvement necessary or convenient to the existence, management, operation, maintenance and safety of the Condominium or normally in common use; and

(l) Any easement or other right appurtenant to the lands described in Paragraph 1 of this Master Deed.

(m) Limited common elements designated for the use of specified units to the exclusion of other units. Common walls, decks and patios shall be considered limited common elements as to each unit to which they pertain.

7. ESTATE ACQUIRED: INTEREST IN COMMON ELEMENTS:

INTEREST IN COMMON SURPLUS; VOTING: COMMON EXPENSES - The Owner of each Unit shall have such an estate therein as may be acquired by grant, by purchase or by operation of law, including an estate in fee simple, and shall acquire as an appurtenance thereto an undivided percentage interest in the Common Elements of the Condominium, which shall not be divisible from the Unit to which it appertains, as set forth in Exhibit "D" attached hereto and made a part hereof. Said percentage is expressed as a finite number to avoid an interminable series of digits: the fourth digit has been adjusted to that value which is most nearly correct. The percentages shall remain fixed unless and until they are changed by an amendment to this Master Deed.

The aforesaid percentage interest, which is based upon equal division of the Common Elements among Unit owners shall be used to allocate the division of proceeds, if any, resulting from casualty loss, any eminent domain proceedings or from any other disposition of the Condominium property.

Said percentage interest of the Unit shall not be utilized for the determination of voting rights of Unit Owners in the Association which shall be based upon one vote for each Unit.

Assessments for Common Expenses and maintenance shall be apportioned equally among all Units within the Condominium.

8. COMMON EXPENSE ASSESSMENTS; LIST OF ASSESSMENTS: NOTICE OF ASSESSMENTS: CERTIFICATE AS TO PAYMENT: LIEN FOR ASSESSMENTS - It shall be an affirmative and perpetual obligation of the Association and its Board of Trustees to fix Common Expense assessments in an amount at least sufficient to maintain the exterior of the aforesaid Buildings and to maintain and operate the other Common Elements. Such duties and responsibilities are hereby irrevocably delegated to the Board of Trustees of The Pond Meadows Condominium Association, Inc. together with all other rights, powers or duties of the Association or its Board of Trustees set forth in this Master Deed, the Articles of Incorporation, or By Laws of the Association, or as otherwise provided by law. The amount of monies for Common Expenses of the Association deemed necessary by the Trustees and the manner of expenditure thereof shall be a matter for the sole discretion of the Board.

Annual assessments shall be made for the period extending from January 1 through the next succeeding December 31, or such other period as the Board may determine and shall be payable in monthly installments due on the first day of each month. A late charge of \$10.00 may be assessed for any installment received by the Association after the first of each month. The Board shall cause to be prepared, at least thirty (30) days in advance of the due date of each first annual Common Expense installment, a list of the properties and the

Common Expenses applicable thereto, in alphabetical order, according to the names of the Unit Owners thereof, which list shall be kept in the Office of The Pond Meadows Condominium Association, Inc. and shall be open to inspection, upon request, by any Owner of a Unit. Written notice of the Common Expense assessments shall be sent to every Unit Owner subject thereto.

If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment, and any installments on such assessment shall be due upon each installment payment date, until changed by an amended assessment.

In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency. In the event the Board of Trustees concludes an increase in the annual assessment and monthly payments will be necessary, it may make such increase and shall notify the members of the Association in writing of same, the need and reason therefor, and the amounts thereof.

In addition to the annual assessments hereinbefore authorized, the Association may levy, in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying in whole or in part, the cost of any

construction or reconstruction, unexpected repair or replacement or a described capital improvement upon or to the Common Elements, including the necessary furniture, fixtures, equipment and other personal property related thereto, or for any other lawful purpose, provided that any such special Common Expense assessment shall receive the assent of two-thirds (2/3) of all of the votes eligible to be cast by all of the Unit Owners, at a meeting duly called for this purpose, written notice of which shall be sent to all Unit Owners at least -- thirty (30) days in advance, and which notice shall set forth the purpose of the meeting, the need and reason for the special assessment, and the amounts thereof. The due date of any special assessment shall be fixed in the resolution authorizing such special assessment. While Sponsor maintains a majority of the Board of Directors, it shall make no additions, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency.

Every Unit Owner, by acceptance of a deed or other conveyance for a Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association such sums, by way of annual or special Common Expenses assessments as are herein or in the By-Laws of the Association more particularly

described. Upon the purchase of a Unit, the portion of the then current annual assessment payable by the purchaser shall be an amount which bears the same relationship to the annual assessment as the remaining number of months in the then current annual assessment period bears to twelve. No portion of any month shall be adjusted. Such first annual assessment or portion thereof for which a purchaser is liable shall be immediately due upon the closing of title to the purchaser.

The Association shall, upon the request of any Unit Owner liable for a Common Expense assessment, or of the mortgagee of any Unit, furnish to such Unit Owner or mortgagee, a certificate in writing, signed by an officer of the Association, setting forth whether or not such Common Expense assessment payment of any Common Expense assessments therein stated has been paid.

No Unit Owner may waive or otherwise avoid liability for Common Expenses by non-use of the Common Elements. Each such assessment shall be a continuing lien upon the Unit against which it was made and shall also be the personal obligation of the Owner of such Unit at the time when the Common Expense assessment fell due, together with such interest thereon and cost of collection thereof (including reasonable attorney's fees). Liens for unpaid Common Expense assessments may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. Suit to recover a money judgment for unpaid

Common Expense assessments may be maintained without waiving the lien securing the same.

Any lien for unpaid Common Expense assessments, as well as interest, late charges, fees and fines due in connection therewith, shall be subordinate to any lien for past due and unpaid taxes and the lien of any institutional first mortgage or mortgages now or hereafter placed upon any Unit; provided, however, that such subordination shall apply only to the sale or transfer of any such Unit pursuant to a decree or foreclosure or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve any such Unit from liability for any Common Expense assessments thereafter becoming due, nor from the lien of any such subsequent Common Expense assessment.

No assessment shall be made upon Sponsor on account of capital improvements not contemplated in this Master Deed, nor shall any assessment be made which discriminates against Sponsor.

Each owner, except Sponsor, including successors in title shall be required to pay a one-time non-refundable per unit membership fee of \$300.00, in addition to monthly maintenance charges. This fee shall be paid on each Unit owned, so that, for example, if one Owner owns 5 units, he must pay 5 such one-time membership fees. Other than as an incident to a lawful transfer of title to a unit, membership in the Association shall be non-transferable and any attempt to transfer shall be null and void.

Following the first conveyance, the Owners of Units to whom title shall have been conveyed shall be responsible for their proportionate share of all Common Expenses.

The Association shall be required to establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common areas. The fund shall be maintained out of regular assessments for common expenses.

9. COMMON EXPENSES: RESPONSIBILITIES OF OWNERS:

DAMAGE DUE TO NEGLIGENCE, OMISSION OR MISUSE. The Common Expense assessments levied by the Association shall be used exclusively for promoting the health, safety, pleasure and welfare of the members of the Association, including, but without limitation: the maintenance and repair of the exterior of the aforesaid buildings, limited to cleaning, painting and sandblasting of the exterior surfaces and finishes; roof repairs, maintenance, repair and replacement of the Common Elements and improvements; payment of all taxes and insurance premiums; all costs and expenses incidental to the operation and administration of the Association; and, such other items as may from time to time, be deemed appropriate by the Association. The Association may also provide, by its rules and regulations, for ordinary maintenance and minor repairs and replacements to be furnished to Units by Association personnel or representatives and charged as a Common Expense.

Each Unit Owner shall promptly furnish, perform and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Unit, provided however:

(i) such maintenance, repairs and replacements as may be ^{- To The meter} required for the functioning of the common plumbing, heating and water supply systems within any buildings in the Condominium shall be furnished by the Association, but any and all expenses incurred thereby shall be the responsibility of the Owners of Units located in that Building; and (ii) the Association, its agents and employees may effect emergency or other necessary repairs which the Unit Owner has failed to perform. (Except as hereinbefore provided, maintenance, repairs and replacements of the plumbing fixtures and systems, heating and air conditioning systems, windows, doors, skylights, patios, decks, stairways, electrical systems and receptacles, breaker boxes, kitchen appliances and equipment, and lighting fixtures within any Unit or part of the Common Elements appurtenant thereto shall be the Unit Owner's responsibility at its sole cost and expense, and if any Unit Owner fails to perform such work the Condominium Association may do so on the Unit Owner's behalf and charge the reasonable expenses thereof to the Unit Owner. Maintenance, repair, replacement, cleaning and washing of all wallpaper, paint, paneling, floor covering, draperies, and window shades or curtains within any Unit shall be the Owner's responsibility at its sole cost and expense.

If, due to the negligent act or omission of or misuse by Unit Owner or a member of his family or household pet, or a guest, occupant or visitor of a member (whether authorized or unauthorized by the Unit Owner), damage shall be caused to the Common Elements, or to a Unit(s) owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage and be liable for any damages, liability, costs and expense, including attorney's fees, caused by or arising out of such circumstances; and such maintenance, repairs and replacements to the Common Elements or the Unit(s) shall be subject to the By-Laws and the rules and regulations of the Association.

10. EASEMENTS - Every Unit Owner, his successors and assigns, shall have the following perpetual easements with respect to the Property:

(a) A non-exclusive easement, in, upon, over, under, across and through the Common Elements and all lands shown on Exhibit "B" to keep, maintain, use, operate, repair and replace his Unit in its original position and in every subsequent position to which it changes by reason of the gradual forces of nature and the elements; and

(b) An exclusive easement for the existence and continuance of any encroachment by this Unit upon any adjoining Unit or upon any Common Elements, now existing or which may come into existence hereafter as a result of construction,

reconstruction, repair, shifting, settlement, movement of any portion of the Buildings or a Unit, or as a result of condemnation or eminent domain proceedings, so that any such encroachment may remain undisturbed so long as the Buildings stand; and

(c) A non-exclusive easement for ingress and egress to his Unit in, upon, under, over, across or through the lands shown on Exhibit "B" and all Common Elements; and

(d) An exclusive easement to use and enjoy the surfaces of the main walls (including any windows, doors, chimneys, and stoops), ceilings and floors contained within his Unit; and

(e) An easement in common with the owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, cable and master antenna television and other Common Elements located in any of the other Units and serving his Unit; and

(f) A perpetual and non-exclusive easement in, over and through the lands shown on Exhibit "B" and all Common Elements; and to use the roads, walks and common facilities subject to the right of the Association to:

(i) promulgate rules and regulations for the use and enjoyment of the common property; and

(ii) suspend the enjoyment and voting rights of any Unit Owner for any period during which an assessment for Common Expenses remains unpaid, for any period during which any

infraction of its published rules and regulations continues, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Unit Owner's obligation to pay the assessment; and

(iii) charge admission and other fees for the use of the Common Elements;

(iv) the right of the Association to dedicate or transfer all or any part of the Common Elements, other than the Buildings, to any municipal, county, State, Federal or other public agency, authority, or utility and to grant permits, licenses and easements over the Common areas for utilities and roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the project. Such grants, dedications or transfers shall be subject to such conditions as may be agreed upon by the Unit Owners, provided that no grant, dedication, transfer or determination as to the purposes of or as to the conditions of such dedication or transfer shall become effective unless such grant, dedication, transfer and determination as to purpose and conditions thereof shall be authorized by the vote in person or by proxy of two-thirds (2/3) of all of the votes eligible to be cast by all of the Unit Owners of the Association, and unless written notice of the proposed resolution authorizing such action is sent to every Unit Owner at least ninety (90) days in advance of the scheduled meeting, at which such action is taken. A

true copy of such resolution together with a certificate of a result of the vote taken therein shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association, and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Elements other than the Buildings, prior to the recording thereof in the Office of the County Clerk. Such certificate shall be conclusive evidence of authorization by the membership.

Sponsor, its successors and assigns, shall have the following easements with regard to the Property:

(a) A blanket and non-exclusive easement in, upon, through, under and across the Common Elements and lands shown on Exhibit "B" for the purpose of construction, installation, maintenance and repair of any improvements, and for ingress and egress for the use of all roadways, parking areas, and existing and future model Units for sales promotion and exhibition, until the expiration of two years from the date of issuance of a Certificate of Occupancy by the Township of Mahwah for the last Unit in the Condominium. In addition, Sponsor hereby reserves the irrevocable right to enter into, upon, over or under any Unit for such purposes as may be reasonably necessary for the Sponsor or its agents to serve any Unit therein, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owners. In case of an emergency, such right of entry shall be

immediate whether the Unit Owner is present at the time or not;
and

(b) A perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements and all lands shown on Exhibit "B" for surface water runoff and drainage caused by natural forces and elements, grading, and/or the improvements located upon the Property. No individual Unit Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Condominium.

(c) A blanket and non-exclusive easement in, upon, through, under and across the Common Elements and Units for placement, installation and maintenance of television master antenna and its wiring. The Property shall also be subject to the following easements:

(a) The Association shall have a perpetual exclusive easement for the existence, continuance and maintenance of any Common Elements, or of any improvements owned by it which presently or may hereafter encroach upon a Unit as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of such improvements or Common Elements; and

(b) The Association, its Board of Trustees, manager, or managing agent, shall have the perpetual and non-exclusive right of access to each Unit to inspect same to remove any violations set forth in this Master Deed, the

By-Laws, or in any regulations promulgated by the Association, and to perform any operations required in connection with the maintenance, repairs or replacements of or to the Common Elements, or any equipment, facilities or fixtures affecting or serving other Unit(s) or the Common Elements; provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of any emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not; and

(c) Any bank, mortgage banker or other institutional lender who is the owner of a mortgage which encumbers any Unit, its officers, agents and employees, shall have a blanket, perpetual and non-exclusive easement to enter the Condominium or any part thereof to inspect the condition and repair of the Common Elements and lands shown on Exhibit "B" or any Unit so encumbered. This right shall be exercised only during reasonable daylight hours, and then whenever practicable, only after advance notice to and with the permission of the Association; and

(d) A blanket, perpetual and non-exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Common Elements and lands shown on Exhibit "B" to the Township of Mahwah, the Association, their respective officers, agents and employees (but not the public in general) and all police, fire and ambulance personnel in the proper performance of their respective duties (including, but

not limited to, emergency or other necessary repairs to a Unit which the Unit Owner has failed to perform), and for repair and maintenance of the Common Elements and lands shown in Exhibit "B". Except in the event of emergencies, the rights accompanying the easements provided for in this subparagraph shall be exercised only during reasonable hours and then, whenever practicable, only after advance notice to and with permission of the Unit Owner(s) directly affected thereby.

11. BY LAWS AND ADMINISTRATION; CHANGES IN DOCUMENTS; POWER OF ATTORNEY. - The administration of the Common Elements of the Condominium and other common facilities shall be by the Association in accordance with the provisions of the Condominium Act, this Master Deed, the Articles of Incorporation, the By-Laws, and of any other documents, amendments or supplements to the foregoing which may subsequently be required by a bank, mortgage banker, eligible mortgage holder, eligible insurer or guarantor or other institutional lender with mortgage loans on the subject premises, or by any title insurance company selected by Sponsor to insure title to any Unit(s).

Sponsor hereby reserves for itself, its successors and assigns, for a period of five (5) years from the date the first Unit is conveyed to an individual purchaser, or within seven (7) years from the date of recording of this Master Deed, or until the closing of title of a maximum of ninety-six (96) condominium units within the Property depicted in Exhibit "B"

attached hereto, whichever event occurs first, the right to execute on behalf of all contract purchasers, Unit Owners, mortgagees, eligible mortgage holders, eligible insurers or guarantors, other lien holders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to the above described documents which may be so required; provided, however, that no such agreement, document, amendment or supplement shall effect a material physical modification of a Unit, without the prior written consent of the Unit Owner and his mortgagee or adversely affect the priority or validity of a purchase money lien on a Unit sold hereunder, without the prior consent of the mortgagee or any institutional holder of a first mortgage.

By acceptance of a deed to any Unit or by the acceptance of any other legal or equitable interest in the Condominium, each and every contract purchaser, Unit Owner or occupant, holder of any mortgage or other liens, does automatically and irrevocably name, constitute, appoint and confirm (i) Sponsor, its successors and assigns, as attorney-in-fact for the purpose of executing such amended Master Deed(s) and other instrument(s) necessary to effect the foregoing (provided that such power of attorney may not be used to adversely affect the priority or validity of any lien on or the value of any Unit) and (ii) the Association as attorney-in-fact to acquire title to or lease any Unit whose owner desires to surrender, sell or lease the same, in the name

Property or any portion thereof. No washing, cleaning or repairing of cars may be done anywhere on the Property.

(e) No portion of the Common Elements or other portion of the Property thereof shall be used or maintained for the dumping of rubbish or debris. Trash, garbage or other waste shall be kept in sanitary containers on the Property for weekly or more frequent collection. No barbecue(s) shall be allowed on the Property, except as set forth in Section (h) below.

(f) No exterior loudspeaker other than as contained in portable radios or television sets shall be permitted. No unshielded floodlights shall be installed in any exterior area of any Unit; except Sponsor may install exterior floodlights for lighting Common Areas.

(g) No sign of any kind shall be displayed on any living unit except for signs utilized by the Sponsor for directional, identification, traffic, sales or marketing purposes, without the prior approval of the Association in accordance with Section 12(r) herein.

(h) No external or visible radio, television or any type of communication aerial or antenna shall be installed or affixed on or about the exterior of any Building constructed or erected on the Property, or elsewhere on such Property. No storage of any materials or personalty shall be permitted on front porches, patios, decks, limited common areas and common areas, on the Property, except on the patios and

decks, Unit Owners may maintain chairs, tables and barbecues for recreational use. Such chairs, tables and barbecues shall mean outdoor casual furniture intended for summer use.

Barbecues when used must be a minimum of 5' away from the side of the building, and may be stored next to the building when cooled. Notwithstanding anything to the contrary, owners who have fireplaces may store firewood only in one metal hoop designed for that purpose.

(i) No signs of any kind shall be permitted upon the premises except as provided in section (g) above.

(j) 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 Unit Owners, the owner of a Unit shall give the Secretary of The Pond Meadows Condominium Association, Inc., timely notice of his intent to list his Unit for sale, and, upon closing of title shall forthwith notify such Secretary of the names and home addresses of the purchasers.

(k) No Unit Owner or occupant shall build, plant or maintain any matter or thing upon, in, over and under the Common Elements or Property without the prior consent of the Association, in accordance with Section 12(r) herein.

(l) No Unit Owner or occupant shall burn, chop or cut anything on, over or above the Common Elements or any part of the Property.

(m) Unit Owners shall not have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Building, without the prior consent of the Association in accordance with Section 12(r) herein; this includes, but is not limited to, installation of doors and storm windows.

(n) To the extent that equipment, facilities and fixtures, within any Unit(s) shall be connected to similar equipment, facilities and fixtures affecting or serving other unit(s) or the Common Elements, then the use thereof by the individual Unit Owners shall be subject to the By-Laws and the rules and regulations of the Association.

(o) Nothing shall be done or kept in any Unit or in or upon the Common Elements or on the Property which will increase the rates of insurance of the Building(s) or the contents thereof beyond the rates applicable for Units, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or in or upon the Common Elements or Property which will result in the cancellation of insurance of any of the Buildings or the contents thereof, or which will be in violation of any law.

(p) No noxious or offensive activities shall be carried on, in or upon the Common Elements or Property or in any such Unit nor shall anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other residents in the condominium.

(q) No immoral, improper, offensive or unlawful use shall be made of any Unit, and all valid laws, zoning ordinances or regulations of all governmental bodies having jurisdiction thereof shall be observed.

(r) Nothing shall be done to any Unit or on or in the Common Elements which will impair the structural integrity of any Building or which will structurally change a Building. Water beds of any type shall not be permitted. No Unit Owner (other than the Sponsor) may make any structural additions, alterations, or improvements in or to his Unit or in or to the Common Elements, without the prior written approval of the Association or impair any easement without the prior written consent of the Association. Structural additions which require such approval prior to construction shall include, but shall not be limited to, sheds and storage buildings. Extension or removal of fences from their location as placed by Sponsor shall require the prior written consent of the Association. The Board of Trustees of the Association shall have the obligation to answer any written request received by it from a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit or on Common Elements within forty-five (45) days after receipt of such request, and failure to do so within the stipulated time shall constitute a consent to the proposed structural addition, alteration or improvement. Any application to any municipal authority for a permit to make an addition,

alteration or improvement in or to any Unit must be approved by the Association and, if approved, shall be executed by the Board of Trustees of the Association and may then be submitted by the Unit Owner. Such approval, however, shall not incur any liability on the part of the Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The Unit Owner shall furnish the Association with a copy of any such permit which he has procured. The provisions of this subparagraph (r) shall not apply to Units owned by the Sponsor until such Units have been initially sold and conveyed by the Sponsor. While the Sponsor maintains a majority of the Board of Trustees, it shall make no additions, alterations, improvements or purchases not contemplated in this offering which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

(s) Draperies, blinds, curtains or other window coverings acceptable to the Association must be installed by each Unit Owner on all windows of his Unit and must be maintained in said windows at all times. All floor areas in a Unit must be covered by padding, carpeting, and rugs, tile or linoleum of a size and quantity reasonably

acceptable to the Association. These provisions shall not apply to the Sponsor.

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

(u) - No Unit shall be rented by the Owner thereof (except a lender in possession of such Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure) or otherwise utilized for transient or hotel purposes, which shall be defined as "(i) rental for any period less than ninety (90) days; or (ii) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverages, maid service, furnishing laundry and linen, and bellboy service", provided, however, that any Unit Owner including Sponsor may rent a Unit for a period of less than ninety (90) days to a contract purchaser. No Unit Owner may lease less than an entire Unit. Other than the foregoing, Unit Owners, including Sponsor, shall have the right to lease same provided that said lease is in writing and made subject to all provisions of this Master Deed, the By-Laws of the Association and other documents referred to herein, including the right of amendment reserved to Sponsor herein, provided further that any failure of the lessee to fully comply with the terms and conditions of such documents shall constitute a

default under the lease, and provided a copy of said lease and any subsequent lease is delivered to the Association within 10 days of its execution. Copies of all lease applications and similar information must be delivered to the Association along with a copy of said written lease.

In the event a tenant of a Unit defaults under his lease by failure to comply with the provisions of this Master Deed, By-Laws or rules and regulations of the Association, then, in addition to all other remedies which it may have, the Association shall notify the Unit Owner of such default(s) and demand that the same be cured through the Unit Owner's efforts within fifteen (15) days after such notice. If such default(s) is not cured within said fifteen (15) day period, then the Unit Owner shall immediately thereafter, at his own cost and expense, institute and diligently prosecute an eviction action against his tenant on account of such default(s). Such action shall not be compromised or settled without the prior written consent of the Association. In the event the Unit Owner fails to fulfill the foregoing obligation, then the Association shall have the right, but not the duty, to institute, and prosecute such action as attorney-in-fact for the Unit Owner and at the Unit Owner's sole cost and expense, including all legal fees incurred. Said costs and expenses shall be deemed to constitute a lien on the particular Unit involved, and collection thereof may be enforced by the Association in the same manner as the Association is entitled to enforce

collection of Common Expenses. By acceptance of a deed to any Unit, each and every Unit Owner does thereby automatically and irrevocably name, constitute, appoint and confirm the Association as his attorney-in-fact for the purposes described in this subparagraph (u).

(v) Each Unit Owner shall have the right to mortgage or encumber his Unit, provided that such mortgage or encumbrance is made to a bank, mortgage banker, trust company, insurance company, savings and loan institution, pension fund or other institutional lender or is a purchase money mortgage made to the Sponsor or to the immediate predecessor in title to a Unit.

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

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

(y) The right of the Unit Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal.

(z) All units shall be occupied exclusively by persons 55 years of age or older and the spouses of such persons. When necessary for the care of persons 55 years of age or older, one person other than a spouse under 55 years of age shall be permitted to reside in a unit. In the event the Township of Mahwah reduces the age requirement for adult housing, this provision shall be automatically amended to reduce the age requirement herein to said lower age.

13. OBLIGATIONS OF SPONSOR - Until the conveyance of title to the first Unit, the Sponsor shall be solely responsible for all Common Expenses. Following the first conveyance, the Owners of Units to whom title shall have been conveyed shall be responsible for their proportionate share of all Common Expenses. Until the issuance of a Certificate of Occupancy by the Township of Mahwah for 75 percent of all Units subject to this Master Deed, and passage of control of the Association to Unit Owners, Sponsor shall be responsible for payment of any deficit in the Common Expense budget(s).

Thereafter, in the event the number of Units ultimately established upon the Property is less than 96, the ultimate share of each Unit Owner of all Common Expenses contemplated by the provision set forth above shall be equal to that fraction, the numerator of which is one and the

denominator of which is the number of units ultimately established within the Property.

Notwithstanding the foregoing, the Sponsor covenants and agrees for itself, its successors and assigns that for so long as it owns one or more of the Units, and subject to the exceptions expressly indicated, the Sponsor, its successors and assigns shall be governed by the provisions of and entitled to all rights and benefits reserved to Sponsor pursuant to this Master Deed and of all Exhibits attached hereto.

14. NO PARTITION - Subject to the provisions of the Master Deed and Articles of Incorporation and By-Laws of the Association and the Condominium Act, the Common Elements shall remain undivided and no Unit Owner(s) shall bring any action for partition or division thereof. In addition, the undivided percentage interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

15. COMPLIANCE BY OWNERS; MEMBERSHIP IN THE ASSOCIATION - Each Owner or occupant of a Unit shall comply with, and shall assume ownership or occupancy subject to laws, rules and regulations of governmental authorities having jurisdiction over the Condominium, the provisions of this Master Deed, the Articles of Incorporation, By-Laws and rules and regulations of the Association and any other documents,

amendments or supplements to the foregoing as described in Paragraphs 10 and 11 hereof. Failure to comply with any such provisions, rules and regulations shall be grounds for injunctive relief by the Sponsor, the Association, and any Unit Owner, and for penalties and other available remedies at law or in equity.

Upon acceptance of a Deed to a Unit each Unit Owner shall automatically become a member of the Association and shall be a member for so long as he shall hold legal title to his Unit subject to all provisions of this Master Deed, the Condominium Act, the Articles of Incorporation, and the By-Laws and rules and regulations which may not now or hereafter be established for or by the Association.

16. DAMAGE, DESTRUCTION OR CONDEMNATION - If any Building, improvement or Common Element or any part thereof is damaged or destroyed by fire, casualty or eminent domain, the repair, restoration or ultimate disposition of any funds or proceeds thereby created shall be in accordance with R.S. 46:8B-24 and 25, respectively. In the event the Association determines not to repair or restore the damaged property in accordance with R.S. 46:8B-24, any insurance proceeds payable to a Unit Owner as a result of damage or destruction to his Unit and/or share of the Common Elements are thereby assigned and shall be paid to the institutional holder of a first mortgage lien on said Unit for application to the sums secured by said mortgage with the excess, if any, paid to the Unit

Owners. Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with this Master Deed and the original plans and specifications, unless other action by the Association is approved by eligible holders holding mortgages on unit estates which have at least 51 percent of the votes of unit estates subject to eligible holder mortgages.

The Association shall represent the Unit estate owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof.

No reallocation of interests in the common areas resulting from a partial condemnation or partial destruction of such a project may be effected without the prior approval of eligible holders holding mortgages on all remaining unit estates whether existing in whole or in part, and which have at least 51 percent of the votes of such remaining unit estates subject to eligible holder mortgages.

Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the Property requires approval of eligible holders holding mortgages on Unit estates which have at least 51 percent of the votes of the units subject to eligible holder mortgages.

17. INSURANCE - The Association shall obtain and continue in effect blanket property insurance on the Common Elements in an amount equalling replacement value, and in form satisfactory to any bank, mortgage banker or other institutional lender holding first mortgages on a majority of the Units but without prejudice to the right of the owner of any such unit to obtain individual Unit insurance at his own cost. In addition, the Association shall obtain and continue such other liability insurance as may be required by the provisions of the By-Laws. Premiums for all such insurance coverage except for individual Unit coverage shall be a Common Expense to be included in the monthly assessment for Common Expenses. The Association shall have exclusive authority to negotiate losses under any policy providing property or liability insurance. The Association shall collect, hold and properly dispose of any proceeds of insurance to Unit Owners and their first mortgage holders, as their interests may appear. The Association shall have the duty to perform all acts necessary to accomplish the above purposes. Unit Owners shall have the exclusive right to settle, adjust and litigate any claims under any policies purchased by and paid for by said Unit Owners individually.

18. AMENDMENT OF MASTER DEED - This Master Deed may be amended at any time after the date hereof by a vote of at least two-thirds (2/3) of all Unit Owners at any meeting of the Association duly held in accordance with the provisions of

the By-Laws of the Association provided, however, that any such material amendment shall have been approved by 51 percent of those banks, mortgage bankers, eligible mortgage holders or other institutional lender of a first mortgage lien on any unit, which approval shall not be reasonable withheld. A material amendment shall be an amendment which establishes, provides for, governs or regulates the following: voting, assessments, assessment liens or subordination of such liens, reserves for maintenance, repair and replacement of the Common Elements, insurance or fidelity bonds, rights to use the common areas, responsibility for maintenance and repair of the project, boundaries of any unit, the interests in common areas, convertibility of units into common areas or of common areas into units; leasing of units, any provisions for the express benefit of mortgage holders, eligible mortgage holders, eligible insurers or guarantors of first mortgages of Units; expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project (referring to expansion, contraction, addition, annexation or withdrawal beyond the boundaries depicted in Exhibit "B" hereto). An addition or amendment shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any bank, mortgagee or eligible mortgage holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within 30 days shall

be deemed to have approved such request. This paragraph does not apply to amendment or termination of the Condominium regime due to destruction, damage or condemnation, or to reallocation of interests due to phased expansion as planned. The consent of two-thirds (2/3) of all Unit Owners and the approval of eligible holders holding mortgages on Units which have at least two-thirds (2/3) of the votes of Units subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium. No amendment shall be effective until recorded in the Office of the Clerk of Bergen County, New Jersey. This paragraph is by way of supplement to and not in derogation of the powers of amendment reserved to Sponsor pursuant to other paragraphs hereof and in case of any conflict between them, the least restrictive provision shall apply, except that Unit Owners shall make no amendments which will adversely affect any rights or easements reserved to the Sponsor, its heirs and assigns, including Sponsor's right to amend as set forth herein. Such rights as set forth in Paragraph 11, herein, are not subject to amendment by Unit Owners. The Unit Owners shall make no amendments to the Master Deed detrimental to the Sponsor's ability to sell Units. The developer shall not be permitted to cast any votes held by him for unsold lots, parcels units or interests for the purpose of amending the Master Deed, By-Laws or any other document for the purpose of changing the permitted use of a lot, parcel, unit or

interest, or for the purpose of reducing the common elements or facilities.

19. ENFORCEMENT - Enforcement of this Master Deed shall be by any appropriate proceeding in law or equity in any court or administrative tribunal having jurisdiction against any person or persons, firm or corporation violating or attempting to violate or circumvent any covenant, such violation or threatened violation; or to recover damages; and, against any Owner to enforce any lien created by this Master Deed in any covenant herein contained, and failure by the Condominium Association or any member to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same.

In the event the Condominium is not maintained in reasonable order and condition, the Township of Mahwah shall have the right to enter upon and maintain the Condominium in accordance with the provisions of R.S. 40:55D-43(b). The cost of such maintenance by the municipality shall be assessed pro rata against the Owners of each Unit affected thereby and shall become a lien and tax on each such Unit, and shall be enforceable by the Township of Mahwah in the manner provided by law with respect to the real estate taxes assessed directly against each such Unit.

Further, the Township of Mahwah shall have a continuing lien against each such Unit for its pro rata share

of all real estate taxes due and payable to the Township of Mahway for real estate taxes assessed against the Condominium. Such lien shall be apportioned equally in the manner provided by law with respect to the real estate taxes assessed directly against each such Unit.

20. INVALIDITY - The invalidity of any provisions of this Master Deed, the Articles of Incorporation, or By-Laws of the Association shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Master Deed or said By-Laws and in such event all of the other provisions of this Master Deed and said By-Laws shall continue in full force as if such invalid provision had never been included therein.

21. WAIVER - No provision contained in this Master Deed shall be deemed to have abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

22. GENDER - The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

23. RULE AGAINST PERPETUITIES - If any provision of this Master Deed, or the By-Laws attached hereto, shall be interpreted to constitute a violation of the rule against perpetuities, then such provision shall be deemed to remain in effect until the death of the last survivor of the now living

descendants of Robert F. Kennedy, Deceased, former Senator of the State of New York, plus twenty-one (21) years thereafter.

24. RATIFICATION, CONFIRMATION AND APPROVAL OF

AGREEMENTS - The fact that some or all of the officers, trustees, members or employees of the Association and the Sponsor may be identical, and the fact that the Sponsor or its nominees have heretofore or may hereafter enter into agreements with the Association with third parties will not invalidate any such agreements and the Association and its members, from time to time, will be obligated to abide by and comply with the terms and conditions thereof. The purchaser of a unit, and the acceptance of the Deed therefor by any party, shall constitute the ratification, confirmation and approval by such purchaser, his heirs, legal representatives, successors and assigns, of the propriety and legality of said agreements or said agreement, or any other agreements authorized and permitted by the New Jersey Condominium Act, this Master Deed, the Articles of Incorporation or the By-Laws of the Association.

25. RIGHTS RESERVED TO SPONSOR - Anything to the contrary herein or in the Articles of Incorporation or By-Laws of the Association notwithstanding, Sponsor hereby reserves for itself, its successors and assigns, for so long as it owns one or more Units in the Condominium, the right to sell, lease, mortgage or sublease any unsold Units within the Condominium.

26. PROTECTIVE PROVISIONS FOR THE BENEFIT OF INSTITUTIONAL MORTGAGEES - Anything to the contrary in this

Master Deed or the By-Laws or Articles of Incorporation of the Association, the following shall apply with respect to each institutional holder of a first mortgage on any Unit.

(a) The prior approval of 51 percent of those institutional, eligible holders of mortgages on Units in the Condominium are required for the effectuation of any decision by the Association to terminate professional management and assume self-management of the Condominium.

(b) No Unit in the Condominium may be partitioned or subdivided without the prior written approval of the holder of any first mortgage lien on such Unit.

(c) Any lien the Association may have on any Unit in the Condominium for the payment of Common Expense assessments attributable to such Unit is subordinate to the lien or equivalent security interest of any first mortgage on the Unit recorded prior to the date any such Common Expense assessments become due.

(d) By virtue of the provisions of this Master Deed and the By-Laws and Articles of Incorporation of the Association, any eligible holder of a first mortgage on a Unit in the Condominium is, upon request, entitled to: (i) inspect the books and records of the Condominium during normal business hours; and (ii) written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings. The holders of 51% or more of first

mortgages shall be entitled to have an annual audited financial statement prepared at their expense.

(e) In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the institutional holder of any first mortgage held, insured or guaranteed by such eligible mortgage holder or eligible insurer or guarantor on a Unit is entitled to timely written notice of any such damage or destruction. No Unit Owner or other party shall have priority over such institutional holder with respect to the distribution to such Unit of any insurance proceeds.

(f) If any Unit or portion thereof, or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage held, insured or guaranteed by such eligible mortgage holder or eligible insurer or guarantor on a Unit is entitled to timely written notice of any such proceeding or proposed acquisition and no Unit Owner or other party shall have priority over such institutional holder with respect to the distribution to such Unit of the proceeds of any award or settlement.

(g) If an institutional holder of a first mortgage lien on the Unit obtains title to a Unit as a result of foreclosure of the first mortgage, then such acquirer of title, his successors and assigns, is not liable for the share of Common Expenses or other assessments by the Association

pertaining to such Unit or chargeable to the former Unit Owner which became due prior to acquisition of title as a result of the foreclosure. Such unpaid share of Common Expenses and other assessments shall be deemed to be Common Expenses collectible from all of the remaining Unit Owners excluding such acquirer, his successors and assigns.

(h) Any management agreement for the Condominium will be terminable by the Association without cause and without penalty upon ninety (90) days prior written notice thereof, and the term of any such agreement shall not exceed one year, renewable by agreement of the parties for successive one-year periods.

(i) In addition to (e) and (f) above regarding notice, upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(i) Any delinquency in the payment of assessments or charges owned by an Owner of a Unit subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor which remains uncured for a period of sixty (60) days;

(ii) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(iii) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified herein.

27. DURATION - The covenants and restrictions set forth in Section 12 of this Master Deed shall run with and bind all of the land included in the Condominium and shall inure to the benefit of and be enforceable by the Condominium Association and the owners of any land subject to this Master Deed, their respective successors, assigns, heirs, executors, administrators and personal representatives, for a period of forty years from the date this Master Deed is recorded in the Office of the Bergen County Clerk, at the end of which period such covenants and restrictions shall automatically be extended for successive periods of ten (10) years each, unless at least two-thirds (2/3) of the Owners at the time of the expiration of the initial period, or of any extension period, shall sign an instrument, or instruments, in which they shall agree to change said covenants and restrictions in whole or in part; but no such agreement shall become binding unless written notice containing the terms of the proposed agreement is sent to every owner at least ninety (90) days in advance of the action taken in authorizing said agreement; and, in any event, any changes concerning any such agreement shall not become effective and binding until three (3) years after the recording of the aforesaid fully executed instrument or instruments containing such agreement, and provided further, that in no event may the

January 16, 1985

PROPERTY DESCRIPTION
SECTION ONE
CHAPEL GREENS
TOWNSHIP OF MAHWAH
BERGEN COUNTY, NEW JERSEY

Beginning at a point on the easterly line of Chapel Road (50 feet wide) at the division line between the herein described property and lands of Junta and Running; thence,

1. Along the easterly line of Chapel Road, North $43^{\circ}-24'-35''$ East, a distance of 610.87 feet to a point; thence,
2. Along the southerly line of Lands of Trinity Church, South $44^{\circ}-22'-50''$ East, a distance of 343.57 feet to a point; thence,
3. Along the easterly line of Lands of Trinity Church, North $42^{\circ}-11'-10''$ East, a distance of 132.33 feet to a point; thence,
4. Along the southerly line of Lands of Pelosi, and Smith, South $46^{\circ}-10'-50''$ East, a distance of 615.47 feet to a point; thence,
5. Along the westerly line of Morris Avenue (a private 60 foot right-of-way) South $43^{\circ}-49'-10''$ West, a distance of 151.50 feet to a point; thence,
6. Along the westerly line of Chapel Greens, Section Two, North $44^{\circ}-22'-50''$ West, a distance of 95.58 feet to a point; thence,
7. Along the same South $45^{\circ}-32'-40''$ West a distance of 275.90 feet to a point; thence,
8. Along the same, North $89^{\circ}-27'-20''$ West, a distance of 202.63 feet to a point; thence,
9. Along the same, South $45^{\circ}-32'-40''$ West a distance of 190.14 feet to a point; thence,
10. Along the northerly line of Lands of Bogert, Windcrest Manor Sanitarium, Inc. and Junta, North $44^{\circ}-27'-20''$ West, a distance of 693.95 feet to the point or place of beginning.

Contains 567,079 square feet or 13.02 Acres.

EXHIBIT A

POND MEADOWS

BLDG #	UNIT #	ADDRESS	PERCENTAGE OF COMMON INTEREST
1	1	Eakens Court	1.042
1	2	Eakens Court	1.042
1	3	Eakens Court	1.042
1	4	Eakens Court	1.042
1	5	Eakens Court	1.042
1	6	Eakens Court	1.042
2	7	Eakens Court	1.042
2	8	Eakens Court	1.042
2	9	Eakens Court	1.042
2	10	Eakens Court	1.042
2	11	Eakens Court	1.042
2	12	Eakens Court	1.042
4	13	Eakens Court	1.042
4	14	Eakens Court	1.042
4	15	Eakens Court	1.042
4	16	Eakens Court	1.042
4	17	Eakens Court	1.042
4	18	Eakens Court	1.042
3	19	Eakens Court	1.042
3	20	Eakens Court	1.042
3	21	Eakens Court	1.042
3	22	Eakens Court	1.042
3	23	Eakens Court	1.042
3	24	Eakens Court	1.042
5	25	Krinsky Court	1.042
5	26	Krinsky Court	1.042
5	27	Krinsky Court	1.042
5	28	Krinsky Court	1.042
5	29	Krinsky Court	1.042
5	30	Krinsky Court	1.042
6	31	Krinsky Court	1.042
6	32	Krinsky Court	1.042
6	33	Krinsky Court	1.042
6	34	Krinsky Court	1.042
6	35	Krinsky Court	1.042
6	36	Krinsky Court	1.042
7	37	Krinsky Court	1.042
7	38	Krinsky Court	1.042
7	39	Krinsky Court	1.042
7	40	Krinsky Court	1.042
7	41	Krinsky Court	1.042
7	42	Krinsky Court	1.042
8	43	Krinsky Court	1.042
8	44	Krinsky Court	1.042
8	45	Krinsky Court	1.042
8	46	Krinsky Court	1.042
8	47	Krinsky Court	1.042
8	48	Krinsky Court	1.042

EXHIBIT D

POND MEADOWS

DC #	UNIT #	ADDRESS	PERCENTAGE OF COMMON INTEREST
10	49	Fromm Court	1.042
10	50	Fromm Court	1.042
10	51	Fromm Court	1.042
10	52	Fromm Court	1.042
10	53	Fromm Court	1.042
10	54	Fromm Court	1.042
9	55	Fromm Court	1.042
9	56	Fromm Court	1.042
9	57	Fromm Court	1.042
9	58	Fromm Court	1.042
9	59	Fromm Court	1.042
9	60	Fromm Court	1.042
12	61	Fromm Court	1.042
12	62	Fromm Court	1.042
12	63	Fromm Court	1.042
12	64	Fromm Court	1.042
12	65	Fromm Court	1.042
12	66	Fromm Court	1.042
11	67	Fromm Court	1.042
11	68	Fromm Court	1.042
11	69	Fromm Court	1.042
11	70	Fromm Court	1.042
11	71	Fromm Court	1.042
11	72	Fromm Court	1.042
13	73	Konight Court	1.042
13	74	Konight Court	1.042
13	75	Konight Court	1.042
13	76	Konight Court	1.042
13	77	Konight Court	1.042
13	78	Konight Court	1.042
15	79	Konight Court	1.042
15	80	Konight Court	1.042
15	81	Konight Court	1.042
15	82	Konight Court	1.042
15	83	Konight Court	1.042
15	84	Konight Court	1.042
16	85	Konight Court	1.042
16	86	Konight Court	1.042
16	87	Konight Court	1.042
16	88	Konight Court	1.042
16	89	Konight Court	1.042
16	90	Konight Court	1.042
14	91	Konight Court	1.042
14	92	Konight Court	1.042
14	93	Konight Court	1.042
14	94	Konight Court	1.042
14	95	Konight Court	1.042
14	96	Konight Court	1.042

EXHIBIT D

BUDGET AND LETTER OF ADEQUACY
LETTER OF ADEQUACY OF HAZARD AND LIABILITY INSURANCE

Heller, Heller & Bothe

CERTIFIED PUBLIC ACCOUNTANTS

2107 St. Georges Avenue • Rahway, New Jersey 07065

(201) 382-6900

Richard H. Heller, C. P. A.
David P. Heller, C. P. A.
Robert W. Bothe, C. P. A.
Hon. Faigonbaum, C. P. A.

Members
American Institute of C. P. A.'s
New Jersey Society of C. P. A.'s

June 7, 1985

AMI, Inc.
Pond Meadows
2109 St. Georges Avenue
Rahway, New Jersey 07065

Gentlemen:

We have analyzed the Estimated Operating Budgets for AMI, Inc.-Pond Meadows. The budgets assume full occupancy, with the Association maintaining all common areas.

In our opinion, based on the current prices, the Estimated Operating Budgets adequately provides for the maintenance of the common areas and operation of the Association. The reserve established for replacement of the common area elements is reasonable and adequate.

Heller, Heller, Bothe
HELLER, HELLER & BOTHE

POND MEADOWS
ESTIMATED OPERATING BUDGET
96 UNITS-FULL OCCUPANCY

INCOME:

Assessment Income	\$ 102 714
Interest Income	<u>1 632</u>

\$ 104 346

EXPENSES:

Grounds and Utilities-Schedule 1	\$ 58 560
Insurance General-Schedule 2	7 200
General and Administrative-Schedule 3	33 872
Replacement Reserves-Schedule 4	<u>4 714</u>

\$ 104 346

1985 MONTHLY ASSESSMENT:

Assessment Income divided by Total Units
\$102,714 divided by 96 = \$1,069.93
\$1,069.93 divided by 12 Months = \$89.16
Rounded to \$89 Per Month

POND MEADOWS

ESTIMATED OPERATING BUDGET

96 UNITS-FULL OCCUPANCY

GROUNDS AND UTILITIES

SCHEDULE 1

GROUNDS AND UTILITIES:

<u>Electric:</u>	Common Areas, Street Lighting		
	42 Pole Lights at \$8.50 Per Month = \$357		
	(357×12 Months = \$4,284)	\$ 4 284	
	Exterior Building Lights		
	96 Units x \$5 Per Light = \$480		
	(480×12 Months = \$5,760)	<u>5 760</u>	\$ 10 044
<u>Water:</u>	Based on \$125 Per Unit Per Year		
	\$125 x 96 Units		12 000
<u>Refuse:</u>	Based on Estimated Contract Price of		
	\$96 Per Unit Per Year		
	\$96 x 96 Units		9 216
<u>Ground Maintenance:</u>	Based on Estimated Contract Price of		
	\$2,400 Per Month for Seven Months		
	\$2,400 x 7 Months (Including lawn chemicals)		16 800
	Sprinkler System Maintenance		1 000
<u>Snow Removal:</u>	Based on Estimates on Anticipation of Average		
	Snowfall		5 000
<u>Recreation Building:</u>			
	Heat, Light and Maintenance		2 000
<u>Miscellaneous Repairs:</u>			
	Supplies, Services, Meetings, etc.		<u>2 500</u>
			<u>\$ 58 560</u>

POND MEADOWS
ESTIMATED OPERATING BUDGET
96 UNITS-FULL OCCUPANCY
INSURANCE GENERAL
SCHEDULE 2

INSURANCE GENERAL

<u>Coverage</u>	<u>Description</u>	<u>Premiu</u>
\$ 3 360 000	Multi Peril Buildings	Included
\$ 1 000 000	Liability	Included
\$ 100 000	Fidelity Bond	Included
	Workmens Compensation	Included
\$ 3 000 000	Liability Umbrella	Included
	Totals	<u>\$ 7 200</u>

POND MEADOWS
ESTIMATED OPERATING BUDGET
96 UNITS-FULL OCCUPANCY
GENERAL AND ADMINISTRATIVE
SCHEDULE 3

GENERAL AND ADMINISTRATIVE:

<u>Management Fee:</u>	Based on a Monthly Fee of \$11.00 Per Unit \$11.00 x 96 Units = \$1,056 x 12 Months	\$ 12 672
<u>Maintenance Personnel:</u>		16 000
<u>Payroll Taxes:</u>	Based on Current Rates for Federal and State Payroll Taxes	1 700
<u>Legal:</u>	Anticipated minor legal matters pertaining to the Association	1 500
<u>Accounting:</u>	Based on estimate for year end review and preparation of tax returns	2 000
		<u>\$ 33 872</u>

POND MEADOWS
ESTIMATED OPERATING BUDGET
96 UNITS-FULL OCCUPANCY
REPLACEMENT RESERVES
SCHEDULE 4

REPLACEMENT RESERVES:

* Roads and Parking Area Resurfacing	\$ 2 218
** Roof Replacement	<u>2 496</u>
	<u>\$ 4 714</u>

* Roads and Parking Area - 15 Year Life
8,320 sq. yd. at \$4 per sq. yd. = \$33,280
\$33,280 divided by 15 Years = \$2,218 Per Year

** Reroofing Roofs - 25 Year Life
1,040 squares at \$60 Per Square = \$62,400
\$62,400 divided by 25 Years = \$2,496 Per Year

Membership Fee:

A non-refundable \$300 membership fee will be collected at the time of closing.
The fee will be disbursed as follows:

Contingency Fund:

Reserve for Emergency Expenditures

\$2.00 x 96 Units \$ 19 200

Operating Fund:

Operating Expenses

\$100 x 96 Units \$ 9 600

EXHIBIT E
MANAGEMENT AGREEMENT

JAN 22 1985



AGENCY

1435 MORRIS AVE. P.O. BOX 3131 UNION, N.J. 07083 (201) 697-1133

January 21, 1985

AMI, Inc.
2109 St. George Ave.
Rahway, N. J. 07065

Re: Insurance
Pond Meadows
Mahwah, New Jersey

Dear Sir:

As per your request, this office contemplates providing insurance coverage for the Pond Meadows as follows:

All Risk Insurance on 96 Units on a replacement cost basis in the amount of \$3,360,000. which will be adequate to cover replacement value of common elements.

General Liability Insurance including Personal Injury Liability and Directors & Officers Liability, Automobile Non-Ownership Liability, limit \$1,000,000.

Workmen's Compensation Insurance.

Fidelity Insurance covering employees of the Association
Limit \$100,000.

Umbrella Liability, Limit \$3,000,000.

Total cost: \$7,200.00

It is deemed that the aforesaid policies will represent necessary and adequate coverage for the Pond Meadows.

Yours very truly,

Jerome N. Waldor, CPCU
President
JNW:cs

EXHIBIT D

A COMPREHENSIVE INSURANCE SERVICE

THIS AGREEMENT, made and entered into this

day of _____, 1985

BETWEEN:

THE POND MEADOWS CONDOMINIUM ASSOCIATION, INC.
a nonprofit corporation of the State of New
Jersey, hereinafter referred to as the
"ASSOCIATION"

and

DIAMOND MANAGEMENT COMPANY, 2109 St. Georges
Avenue, Rahway, New Jersey 07065, hereinafter
referred to as "MANAGER"

W I T N E S S E T H:

For and in consideration of these premises and of
the mutual promises and covenants herein contained, the
Association and Manager agree as follows:

A. Condominium Property. The Condominium
Property shall mean all of the land, property and space
comprising the Parcel (the real estate herein described), all
improvements and structures erected, constructed or contained
therein or thereon, including the buildings and all easements,
rights and appurtenances belonging thereto and all fixtures and
equipment intended for the mutual use, benefit or enjoyment of
the Unit Owners, submitted to the provisions of the New Jersey
Condominium Act.

B. "Common Elements" and all other terms herein
contained shall be defined as set forth are referred to in the
Master Deed.

EXHIBIT E

1. Employment. The Association does hereby employ the Manager as the exclusive manager of the Condominium Property and the Manager does hereby accept such employment.

2. Term. The commencement date of this Agreement, when the Manager will be required to begin performance of its duties hereunder, shall be on the date of the closing of title to the first unit and unless sooner terminated as elsewhere herein provided, this Agreement shall be in effect until midnight of the day preceding the 13th month following commencement.

3. Duties of Manager. Manager shall have the duty to perform and supply of the following services, manpower and materials at its own cost and expense:

(a) Manager shall provide at least one supervisory management person who shall devote part-time employment to the management of the Condominium Property and he shall be available to the Unit Owners and to persons directly employed by the Association and to persons dealing with the Association.

(b) Manager shall select, employ and supervise employees to work in, about and around the Condominium Property. Except for the supervisory employees of Manager, the wages of such other employees shall be paid by the Association.

(c) Manager shall collect all Common Expenses, charges and assessments and monies and debts of every nature and description which may become due the Association from its members. The Association does hereby authorize the Manager,

and the Manager is obligated to request, demand, collect, receive and receipt for any charges, assessments, Association and to Association, with to Association, as may (d)

19.93 - PAR 7.
Common Elements
EX P 3

Expenses, become due the of the irectors of the n of the same.

the Common Elements, which are required by the terms of its By-laws and the Master Deed to be maintained and repaired by the Association, to be so maintained and repaired. The same shall include landscaping, re-landscaping, elevator maintenance, painting, roofing, cleaning and such other ordinary and extraordinary maintenance and repair work as may be necessary or found desirable by the Manger. For any one item of repair, replacement or refurbishing, the expense incurred shall not exceed the sum of ONE THOUSAND (\$1,000.00) DOLLARS, unless specifically authorized by the Board of Directors of the Association, and in accordance with the By-Laws of the Association, excepting emergencies involving manifest and potential danger to persons or property, in which cases repairs immediately necessary for the preservation and safety of the Property or the safety of persons or required to avoid the suspension of any necessary service to the Property may be made by the Manager, irrespective of the above cost limitation. Notwithstanding this authority as to emergency repairs, it is understood that the Manager will, if at all possible, confer immediately with the Board of Directors of the Association

regarding emergency expenditures.

(e) Manager shall take such action as may be necessary to comply with all laws, statutes, ordinances and rules and of all appropriate governmental authority, and the rules and regulations of the National Board of Fire Underwriters, or in the event it shall terminate its present functions, those of any other body exercising similar functions, subject to the limitations set forth in the foregoing paragraph. The Manager, however, shall not take any action so long as the Association is contesting or has affirmed its intentions to contest any such law, statute, ordinance, rule, regulation or order or requirement pursuant thereto.

(f) Manager shall purchase equipment, tools, vehicles, appliances, goods, supplies and materials as shall be reasonably necessary or desirable to perform its duties, including the maintenance, upkeep, repair, replacement, refurbishing and preservation of the Property, as aforesaid. Purchases shall be made in the name of the Manager, or in its discretion, in the name of the Association. When making purchases, the Manager shall make reasonable effort to obtain the best price available, all factors considered, and shall pass on to the Association all discounts, commissions, and rebates received in the purchase. It is the intention of this Agreement that the Manager shall always use the Association funds in the purchases above referred to for the Association, but in the event the Manager shall ever advance its own funds for any such purposes, then the Association shall, as part of

its Common expense, reimburse Manager for the actual cost of such purchases. Manager shall always endeavor to keep costs to a minimum and never to order or purchase any materials or supplies or services which are not necessary for the reasonable operation of the Property.

(g) (i) Manager shall cause to be placed or kept in force all insurance required or permitted in the By-Laws and the Master Deed; to adjust all claims arising under the insurance policies purchased by the Association and deliver releases upon payment of claims; to otherwise exercise all of the rights, powers and privileges of the Association; to receive in behalf of the Association all insurance proceeds and pay the same to the Insurance Trustee.

(ii) Manager shall keep in force insurance on itself protecting the Association in all respects against any liability arising out of any wrongful or negligent acts of the Manager or any other actions of the Manager which might cause the Association to incur liability; and the Association shall carry insurance which will protect the Manager from any liability arising out of its faithful performance of its duties on behalf of the Association. In sum, each, the Association and the Manager, shall name the other as an additional insured in such liability insurance.

(h) Manager shall maintain the Association minute books, membership lists, give notice of membership and Director's meetings, and maintain all financial record books, accounts and other records required to be kept by the

Association. Such records shall be kept at the office of the Manager and shall be available for inspection at all reasonable times by the Association's officers and Directors. As a standard procedure, the Manager shall render to the Association a statement of its receipts and accounts for each calendar year no later than the March 1st next thereafter. The Manager shall perform a continual internal audit of the Association's financial records for the purposes of verifying the same, but no independent or external audit shall be required of it. The Association shall have the right to external independent audit, provided the costs for the same and the employment of such auditor be borne by the Association directly and not through the Manager, and the external independent auditor is acceptable to the Manager whose acceptance may not be unreasonably withheld. Such independent audit shall be at the office of the Manager. All of such services and the supplies required therefor, except an independent audit if ordered by the Association, shall be at the sole expense of the Manager.

(i) Manager will maintain its own records with respect to services and materials and expenses provided on behalf of the Association, which records will be sufficient to describe the services rendered and shall be kept in accordance with prevailing accounting procedures and shall identify the source and expenditure of all funds. Such records shall be kept at the Manager's expense and at the Manager's office and shall be freely available for inspection by the Association's Officers and Directors on a reasonable basis and the records

shall be subject to an independent audit as set forth in Paragraph (h) above.

(j) Manager shall deposit all funds collected for the Association in a special bank account or accounts of the Manager, in a bank designated by the Board of Directors of the Association from time to time, with suitable designation indicating the source of said funds. Said funds, or as much of it as is reasonably possible, shall be kept in a separate interest-bearing account, which interest shall accrue to the benefit of the Association.

(k) Manager shall prepare an operating budget, which shall comply with the requirements of the By-Laws, setting forth therein an itemized statement of the anticipated receipts and disbursements for the new year based upon the then current schedule of monthly assessments and charges and taking into account the financial situation of the Association and the general condition of the Property, together with a statement from the Manager outlining a plan of operation and justifying the estimates made in every important particular. This budget and statement included therein shall be submitted to the Association in final draft at least forty-five (45) days prior to the commencement of the new year for which it has been made. The budget shall serve as a supporting document for the schedule of monthly assessments proposed for the new year. It shall also constitute a major control under which the Manager shall operate, and there shall be no substantial variances therefrom, except as may be incurred, or commitments made, by

the Manager in connection with maintenance and operation of the Property in excess of the amounts allocated to the various classifications of expense in the approved budget without prior consent of the Association, except that, if necessary, because of a lack of sufficient time to obtain such prior consent, an overrun may be experienced, provided it is brought promptly to the attention of the Association in writing.

(1) Any vending machines, pay telephones, or other coin-operated equipment which may be installed by the Manager upon the Condominium Property shall be for the benefit of the Association, and any profits arising therefrom shall accrue to and be allocated to the maintenance, administration, upkeep and repair of those parts of the Property which are the responsibility of the Association, which responsibility is by this Agreement delegated to Manager. Under any circumstances, the Board of Directors of the Association shall first approve the installation of any such machines.

4. Powers of Manager. Manager is and shall have general authority and the powers necessary to carry out the intent of this Agreement and to act therefor on behalf of the Association. Manager is authorized in the name of and at the expense of the Association to make reasonable contracts for electric, gas, steam, telephone, window cleaning, extermination and other such services as shall be necessary.

5. Reimbursement of Expenses. The Association shall reimburse the Manager upon demand for any monies which the Manager obligated and required to pay for services or

materials purchased or obligated under this agreement for the benefit of the Association.

6. Compensation. In compensation for the management services rendered hereunder, the Association agrees to pay Manager the sum of _____ DOLLARS per year, payable in equal monthly installments but not to exceed \$11.00 per month per unit when occupied by an owner of such unit. Payments shall come due on the 1st day of each month for the services performed during the preceding month. It is contemplated that Manager will begin performing services for some period prior to the day upon which it begins earning its fee.

7. Default.

(a) The Association shall have the right to cancel this Agreement, without cause and without penalty, after the giving of ninety (90) days' written notice after which time such cancellation shall become effective, and Manager shall remove from the premises and shall forthwith deliver to the Association all monies, records, papers, etc. relating to the Property and the operation and management thereof.

(b) In the event that the Association defaults by failing to make the payments required to be made hereunder or by continuing to violate any law, ordinance or state after notice from the appropriate governmental authority, and after having failed to commence to resist or test such ordinance or statute by appropriate legal action, then, upon the giving of thirty (30) days' written notice by Manager, after which time

such default remains uncured, or if the Association has not undertaken reasonable steps to cure a default which cannot be cured within such thirty (30) days, or if the default involves violation of such statute or ordinance and reasonable steps have not been taken to comply with the provisions thereof, Manager shall have the right to cancel this Agreement upon the giving of not less than thirty (30) days' prior written notice to the Association, and Manager shall thereupon remove from the premises and shall forthwith deliver to the Association all monies, records, papers, etc., relating to the Property and the operation and management thereof.

8. Notice. Notice which either party desires to give to the other or is required to give to the other under this Agreement, shall be given by Certified or Registered Mail, Return Receipt Requested, and it shall be deemed given when it shall have been deposited in the United States Mail, addressed to the party for whom it is intended as follows:

For the Association:

For the Manager: 2109 St. Georges Avenue
Ranway, New Jersey

Either party may change its mailing address by written notice.

9. This Agreement shall be ratified at the first meeting of the Board of Directors of the Association and by vote of the membership at the first meeting of the Association.

10. The Manager shall carry fidelity

insurance equal to or greater than the amount of the annual budget for the first year of operation. For the second year and succeeding years, the bond shall be in an amount equal to the annual budget plus accumulated reserves. This provision shall be effective until the expiration of any management contract entered into while the Developer maintains a majority of the Executive Board.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first above written.

THE POND MEADOWS CONDOMINIUM ASSOCIATION, INC.

By: _____
President

By: _____
Manager

ATTEST:

Secretary

ATTEST:

Secretary

EXHIBIT F

Bargain and Sale Deed
Contract of Sale

CONDOMINIUM DEED

THIS DEED, is made on the _____ day of _____, 198__.

BETWEEN: AMI, INC., a New Jersey Corporation, having an office at 2109 St. Georges Avenue, in the City of Rahway, County of Union and State of New Jersey 07065, referred to as the GRANTOR,

AND:

about to reside at
Township of Mahwah, County of Bergen and State of New Jersey, referred to as GRANTEE

WITNESS, that for and in consideration of the sum of _____ DOLLARS, the Grantor grants and conveys to the Grantee the following described real property, including the appurtenances to it, in fee simple, subject to the provisions of the New Jersey Condominium Act (R.S. 46:8B-1 et seq.), and the Planned Real Estate Development Full Disclosure Act (N.J.S.A. 45:22A-21 et. seq.) their amendments and supplements and to the provisions of the Master Deed of Pond Meadows dated _____, 1985 recorded _____, 1985 in the Office of the Clerk of Bergen County in Book _____ of Deeds at page _____, as may be lawfully amended from time to time in the manner set forth in the Master Deed.

BEING all that real property in the Township of Mahwah, County of Bergen and State of New Jersey, more particularly described as follows:

UNIT _____ in BUILDING No. _____ in Pond Meadows, which Unit has been more specifically defined in the Master Deed, and which Unit is hereby conveyed in conformity with R.S. 46:8B-10, and includes the fee in a 1.042 percent undivided interest in the common elements of the Condominium as the common elements are defined in the Master Deed.

SUBJECT to the conditions, restrictions, covenants, and agreements set forth in the Master Deed, the Articles of Incorporation and the By-Laws for the Pond Meadows Condominium Association, Inc., and subject to easements and restrictions, if any, in effect as of the date of this Deed, such facts as an accurate survey and inspection of the premises may disclose; and ordinance, statutes and regulations of Municipal, County, State and Federal Governments, and their effect.

The GRANTEES, for themselves, their successors, heirs and assigns, agree to become a member of POND MEADOWS CONDOMINIUM ASSOCIATION, INC., and to abide by the By-Laws of the Association, and agree to be subject to the provisions of the Master Deed and its amendments.

BEING also known as part of Lot _____ in Block _____ on the Tax Map of the Township of Mahwah.

BEING a portion of the premises conveyed to the Grantor by Deed from Michael A. Mellone, Jr., a/k/a Michael A. Mellone, as Nominee under a Joint Venture Agreement dated July 20, 1981, dated March 8, 1984, recorded _____, 198__, in Deed Book _____ Page _____.

Prepared By: _____
JOSEPH J. JANKOWSKI, ESQ.

THIS AGREEMENT, made the _____ day of _____, 198

BETWEEN AMI, Inc., a New Jersey Corporation

having its offices at 2109 St. Georges Avenue, Rahway, New Jersey 07065, Seller,

and Buyer,

residing at:

in consideration of the sum of \$ _____ to be paid to the Seller by the Buyer as provided in this Agreement, and also in consideration of the following covenants and agreements, the Seller agrees to sell and the Buyer agrees to purchase, Condominium # _____ in Building # _____, located in the Township of Mahwah, Bergen County, New Jersey, being more particularly described in the Master Deed creating Pond Meadows, A Condominium, further referred to as the Condominium in this contract, recorded in the _____ County Clerk's Office on _____, 1985, in Deed Book _____, Page _____, together with an undivided _____ interest in the Condominium Common Elements. The Pond Meadows Condominium Association, Inc., is referred to in this Contract as the Condominium Association.

If the unit has not yet been constructed, Seller warrants that it will be substantially similar to the _____ standard model.

1. PAYMENT OF PURCHASE PRICE

By deposit, previously paid..... \$
Signing of this agreement, to be on or before _____, for which this is also a receipt..... \$
Additional deposit on or before _____..... \$
On Delivery of Deed, in cash or certified check..... \$
TOTAL..... \$

2. EXCLUSIONS -- All furniture, draperies, furnishings, lighting fixtures, optional appliances, special flooring, wallpaper, and all other devices such as radio and electronic equipment exhibited in the model unit, are for exhibition purposes only and are not included in this sale, unless expressly provided.

3. MORTGAGE PLACEMENT -- The Buyer hereby appoints the Seller, as his agent to arrange for and process a Conventional mortgage in the sum of \$ _____ with interest rate at _____ percent for _____ years and agrees to pay Seller \$ _____ for this service, payable \$ _____ on signing of this contract and the balance on closing of title. The Buyer further agrees to sign an application for a mortgage loan and to furnish complete information regarding his finances and employment to the mortgage lending institution. In the event Buyer qualifies for a mortgage loan, which loan is conditioned upon Buyer's complying with conditions set forth in the mortgage loan commitment, it shall be Buyer's obligation to comply with these conditions and the failure of Buyer to comply with these conditions shall be construed as a default by the Buyer. In the event that Buyer does not qualify for a mortgage loan, this contract shall be considered null and void upon the Seller refunding to the Buyer, the deposit, and mortgage placement fee, less expenses incurred, but under all other circumstances, this contract shall be binding on the parties. The Buyer may choose to waive all the mortgage contingencies. Seller cannot guarantee a mortgage loan to Buyer. If Seller determines that a commitment cannot be obtained by Seller on behalf of Buyer, or if a mortgage commitment processed by seller has not been issued within 180 days of the date of this contract, either Seller or

Buyer shall have the option to cancel this contract upon written notice to the other. In the event the Buyer does not qualify for a mortgage loan, processed by the Seller, the Buyer shall return all copies of this contract, and this contract shall be considered null and void upon seller refunding to the Buyer the full amount of Buyer's deposit, less costs expended for bank fees, such as mortgage application fees, appraisals of the property, credit report, processing fees, etc.

Anything to the contrary notwithstanding, in the event the buyer has not appointed the Seller to arrange for the above mentioned mortgage placement, there shall be no mortgage contingency and purchase shall be considered a cash sale.

4. CLOSING CHARGES -- Provided the mortgage financing has been obtained by the Seller and the mortgage placement fee has been paid by Buyer, Seller shall supply and provide, at Seller's own cost and expenses, all legal services necessary to effectuate the mortgage closing. This shall include all other fees and expenses relating to the closing of the mortgage loan, the charges of the title insurance company for searches and preparation of the title binder, the costs for mortgagee title insurance premiums, deed and mortgage recording charges, appraisal and inspection fees as may be required by the lending institution, as well as fee for review of documents by the lending institution counsel. ~~All bank charges known as "points" shall be paid by Buyer, anything to the contrary*~~ However, Buyer shall pay for survey, which survey may be purchased through seller. Buyer shall also be responsible for escrow funds for taxes and insurance. SELLER AND/OR MORTGAGEE DO NOT SUPPLY OR PAY FOR AN ATTORNEY FOR THE BUYER. NEITHER SELLER'S ATTORNEY NOR MORTGAGEE'S ATTORNEY REPRESENTS BUYER AND BUYER IS ADVISED TO HAVE HIS OWN ATTORNEY, IF HE SO DESIRES. For purposes of closing, Buyer agrees to be present on the date, time and place designated by Seller. At the time of closing, Buyer shall also present such additional documents as may be required by the lending institution. Seller shall have the option to supply the financing for the mortgage loan itself.

*herein notwithstanding. Buyer shall also pay private mortgage insurance costs as required by the lender.

5. TITLE -- Seller agrees to deliver a deed of bargain and sale Covenant v. Grantors Acts conveying good and marketable title, free and clear of all liens and encumbrances except the Condominium Master Deed, easements of record, the By Laws of the Condominium Association, the laws of the State of New Jersey, zoning and other restrictions of record, if any, and such state of facts that an accurate survey may disclose. Receipt of copies of the Master Deed and By Laws is hereby acknowledged.

In the event the Seller shall be unable to deliver title as above, Buyer may terminate this agreement in which event Seller agrees to return to Buyer all sums paid on account of the purchase price plus survey and title costs as the full measure of Seller's liability. No amounts expended for bank fees for mortgage application shall be refunded. Title shall be insurable at regular rates.

6. POSSESSION -- Possession will be given upon closing and full payment of the balance of the moneys called for under this agreement, together with all closing charges and escrows. Buyer agrees to sign a written request for issuance of a certificate of occupancy if requested to do so by Seller. Buyer further agrees to comply with all applicable requirements of a unit owner in obtaining a certificate of occupancy. It is specifically understood and agreed by and between the parties that as to any uncompleted work as of date of closing, no escrow shall be held.

All work uncompleted will be completed within a reasonable period of time by the Seller. The Buyer further agrees that he shall not enter into possession of the premises at any time, or for any reason, prior to the delivery of the deed. Completion shall be evidenced by Certificate of Occupancy issued by the Municipal Building Department.

7. COMPLETION AND CHANGES IN PLAN -- It is understood that the above unit will be completed substantially similar to the model and shall be in compliance with the plans and specifications as filed by the Seller with the municipal building department. However, the Seller is given the option to make substitution of material of equal quality and to make any non-substantial change in the construction of the property that Seller may find necessary in the course of construction. All changes or extras ordered by Buyer must be paid for and accepted in writing by Seller. Buyer agrees that all money de from or paid by Buyer for changes or extras, ~~installed,~~ shall not be cancelable or refundable for any reason whatsoever. Seller reserves the right to cancel any extra it cannot or does not supply

and return the money paid the same. Seller is expressly authorized to build the dwelling inverted from left to right (i.e., a "mirror image" of the model) in the event Seller deems it necessary. All selections and options shall be obtained through Seller or its designated sub-contractors or suppliers. Seller reserves the right to make selections of color or material for Buyer if selections are not made by Buyer within seven days of notice to do so by Seller. Seller reserves the right to make changes in construction, as may be required or permitted by applicable construction codes or by amendments to the applicable construction codes of equal or better quality.

8. ESCALATOR CLAUSE -- This agreement is conditioned upon the ability of Seller to complete the above described property at present expense for construction, operation, financial or other costs. If the present expenses for construction, operation, financial or other costs are higher during construction of the premises than prevail at the date of this agreement, then, in such event, Seller is hereby given the option to cancel this contract upon written notice to Buyer. In that event the full deposit money shall be returned to the Buyer without interest, less bank processing fees, and this Agreement cancelled. However, the Buyer is given the option of paying the increased costs of labor and material, and if Buyer within ten calendar days after receipt of notice of the increase in cost, agrees in writing to pay the increased cost of closing, this agreement shall continue in full force and effect. No such price increase shall take effect within 60 days of closing.

9. DELAY IN COMPLETION -- In the event completion of the dwelling is delayed for any reason beyond Seller's control, it is agreed that the closing date will be extended for a period of time lost by this possible delay. If such delay shall exceed 180 days from the contract closing date, Buyer shall have the right to cancel the contract, and deposit monies paid by Buyer shall be returned. Costs used for bank fees, such as application fees, credit reports and processing fees are non-refundable.

10. DEFAULT OF SELLER-DAMAGES -- If Seller for any reason, except arbitrary and willful refusal to close, cannot or does not construct or complete the premises or make title as provided above, Seller shall return all deposit monies paid to Seller without interest, and there shall be no further liability on any kind on the part of the Seller to the Buyer. If title is found to be unmarketable, Buyer shall be reimbursed the cost of title searches and survey already paid, if any. In the alternative, Buyer may pursue legal and/or equitable remedies available to Buyer.

11. DEFAULT OF BUYER-DAMAGES -- If Buyer fails to pay any additional moneys when due or defaults in any of the conditions or covenants as provided, the sum or sums paid on account, not to exceed 10% of the purchase price, plus the cost of extras installed, may be retained by Seller as liquidated damages for the charges and expenses which Seller has sustained, and this Contract shall become null and void. If the Buyer shall fail to comply with, keep and perform any of the terms or provisions of this contract, or if the Buyer shall be declared a bankrupt or insolvent or shall make an assignment for the benefit of any creditors, or shall be placed under the control or in the custody of any court, then or in any of these events, this contract, at the option of the Seller, shall be terminated immediately. All payments made by the Buyer on account of this contract and/or riders, not to exceed 10% of the purchase price, plus the cost of any extras/shall, at the option of Seller be retained by the Seller. However, the foregoing is not to be construed as limiting the Seller from pursuit of any legal and/or equitable remedies available to the Seller. The Buyer agrees to pay all carrying charges, such as taxes, insurance, interest, heat, etc., if the closing date, as stated is delayed for any reason other than that delay caused by the Seller. These charges are to be computed from the 7th day following the closing date to the actual closing date.

12. NO JURY TRIAL -- Trial by jury in any action, proceeding or counterclaim arising of or from this agreement is hereby waived.

13. LIENS -- If the subject premises are affected by any lien at time of closing, the lien shall not constitute a title defect but shall be paid or escrowed from the proceeds

of sale. The Seller shall be responsible for any assessment against the property for municipal improvements, completed and confirmed by the date of closing of title.

14. NO CLOUD ON TITLE -- This contract shall not be recorded or lodged for record or filed in any court or public office, and nothing in this contract shall bind or cloud the title to the premises in case Buyer fails to fulfill the terms of this contract. If this agreement is cancelled for any reason, Buyer agrees to immediately return all copies to Seller.

15. ASSIGNMENT -- Buyer agrees not to assign, sell or in any manner transfer this contract or any right, title or interest without first obtaining the written consent of Seller. This agreement shall extend to and be binding upon the heirs, executors, administrators and successors and assigns of the respective parties to this contract.

16. USE OF PRONOUNS -- It is understood that the masculine pronoun, singular number, as used throughout this contract shall include the appropriate parties whether singular or plural, masculine or feminine, whether individuals, partnerships, associations or corporations.

17. SUBORDINATION -- The purchaser agrees that all terms and provisions of this contract are and shall be subject and subordinate to the lien of any construction loan mortgage, without the execution of any further legal documents by the Buyer, which mortgage shall be satisfied or released on delivery of title.

18. HOMEOWNER'S WARRANTY -- The residence to be constructed and/or conveyed by a builder shall be warranted as required by N.J.S.A. 46:38-1 et seq. In accordance with such laws, builder shall enroll the residence at time of closing in an approved warranty security plan and pay all fees/premiums for such enrollment.

Seller warrants the following shall be free from defect due to materials and workmanship for a period of one (1) year from date of possession or settlement, whichever occurs first: outbuildings, driveways, walkways, patios, retaining walls and fences, if any.

Seller also warrants that this unit is fit for its intended use.

The Seller does not warrant the growth of grass, shrubs, trees, etc. or the continued growth of existing trees, shrubs, etc.

The Seller warrants the construction of common facilities for two (2) years from the date of completion of each such common facility.

Seller does hereby assign to the Buyer all assignable warranties by manufacturers, subcontractors or suppliers of consumer products, as such term is used in Public Law 93-637, included in the premises covered by this contract effective as of the closing of title. Seller warrants that all drainage is proper and adequate and all offsite improvements are free from defects for a period of one year from the date of construction.

19. INSULATION -- In accordance with Federal Trade Commission regulations, Purchasers are advised that (1) type of insulation installed in subject house is fiberglass, (2) the thickness and R value of that insulation installed in outside walls is 3-1/2 inch R11 and attic floors is 6 inch R19.

20. WAR CLAUSE -- It is agreed that in the event that any law or governmental regulations shall be enacted in the time of war or national emergency, or for the purpose of national defense, which restricts or allocates material, labor or prices, or which makes the performance of this contract illegal or impractical, then in such event, at the option of the Seller, the Seller may declare this contract null and void and of no effect, and all deposit moneys will be refunded to the Buyer.

21. 30 DAY LIST -- After delivery of title, Buyer may find items which may need service or adjustment. Seller will service and adjust these items following the receipt of a list of these items from Buyer, if the list is furnished to the Seller within 30 days from the date of delivery of title. Buyer shall have the right to inspect the unit within a reasonable time prior to closing.

22. LICENSE -- The Buyer authorizes and grants to the Seller the right to enter into,

YLAWS SECTION 9 (L) RULE AND REGULATION 1 (ADDED 02/01/89) NO UNIT OWNER MAY SELL HIS OR HER UNIT EXCEPT BY COMPLYING WITH THE FOLLOWING PROVISIONS:

- 1) The unit owner (seller) shall request a Resale (Sale) compliance letter from the Board of Trustees or Managing Agent prior to a closing of Title to the unit.
- 2) The unit owner will present to The Board of Trustees or Managing Agent a fully executed copy of the contract of sale.
- 3) The seller and the purchaser will each deposit with The Board of Trustees, checks in the amount of \$200.00. Twenty-Five dollars (\$25.00) from each deposit will be non-refundable and retained by The Board of Trustees as processing fees. The balance will be held as a move-out or move-in security to insure that there is no damage to the common element. This security will be refunded subject to no damages and all necessary paperwork being returned to The Board of Trustees or Managing Agent.
- 4) Membership Fee: The purchaser will pay a one time non-refundable, non-transferable membership fee to the Association. The amount will be \$300.00 and will be payable at closing of title. This fee will be allocated as follows; \$200.00 to the reserve account, and \$100.00 to the working capital account.
- 5) Unit shall only be occupied by persons 55 years of age or older and the spouses of such persons.
- 6) The seller will receive a resale information sheet which is to be completed by the seller and purchaser and returned to The Board of Trustees or Managing Agent.
- 7) The seller will turn over to the purchaser: All necessary mailbox and unit keys, all association documents, and a supply of common charge envelopes.
- 8) No Waiver To The Right Of First Refusal or Power Of Attorney is required for this sale

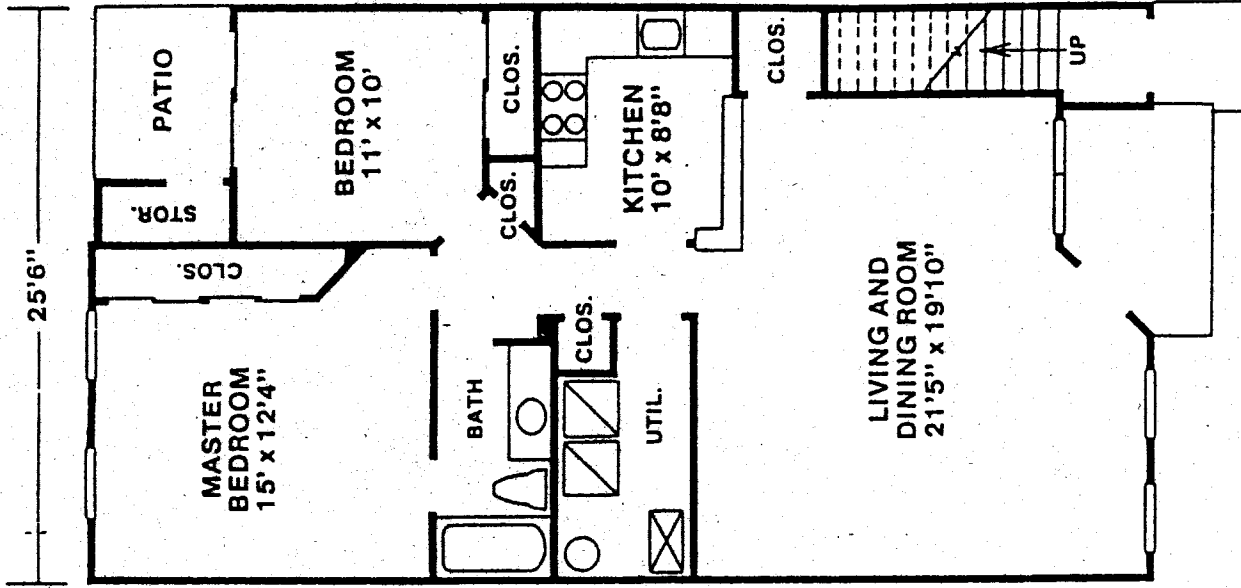
FILEPM22

BY-LAWS SECTION 9 (L) RULE AND REGULATION 2 (ADDED 02/01/87) NO
UNIT OWNER MAY LEASE HIS OR HER UNIT EXCEPT BY COMPLYING WITH
THE FOLLOWING PROVISIONS:

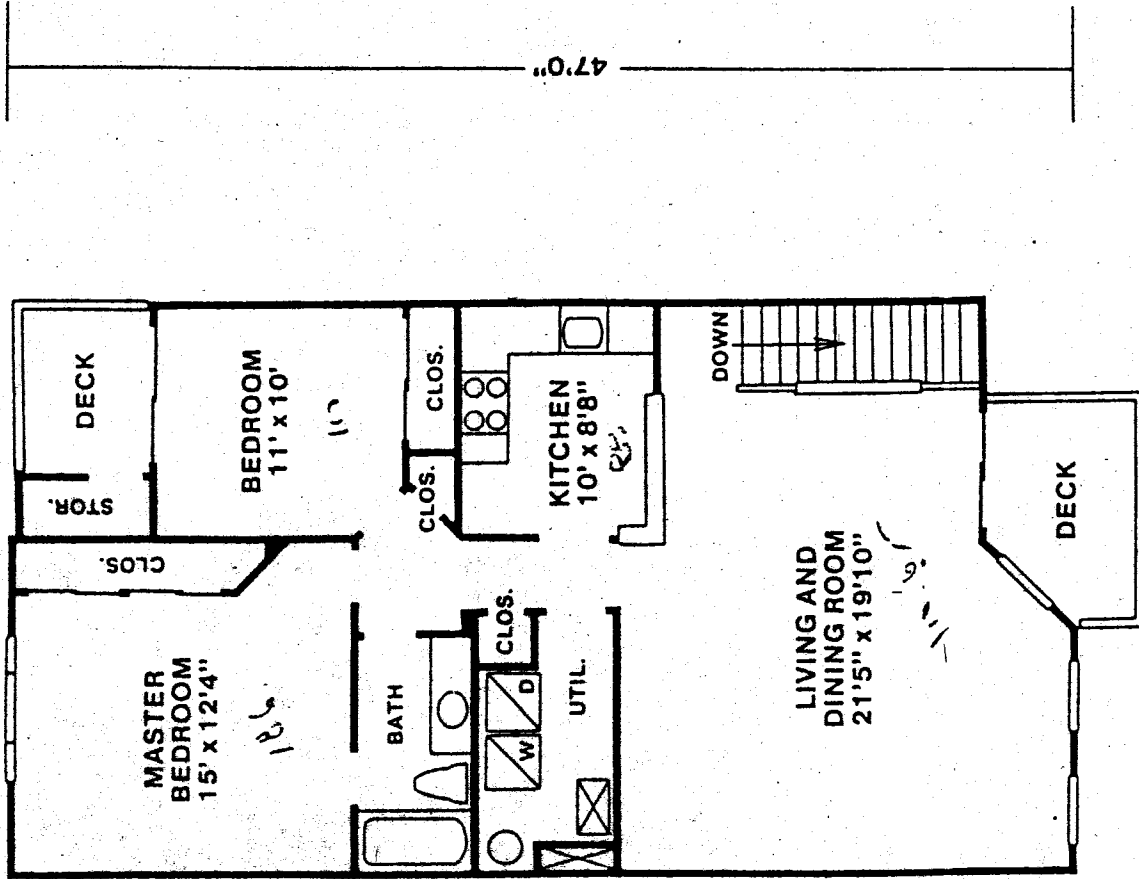
1. The Unit Owner shall request a Rental Compliance Letter from the Board of Trustees or Managing Agent prior to any lease or lease extension commencement and:
2. The Unit Owner shall pay to the Association the sum of \$75.00 when renting to a new tenant.
3. The Unit Owner shall pay to the Association the sum of \$25.00 when re-renting to a tenant in possession.
4. The Unit Owner shall deposit with the Association a security in the amount \$500.00, which will earn no interest. The Board of Trustees of the Association shall hold said security in a special escrow account for the term of the lease. Upon the termination of the lease, without damage to the Association or the common elements of the Association and without any legal or other expense incurred by the Association Association due to such renting, the security shall be returned to the Unit Owner.
5. Leases shall be for a one (1) year term. Leases for more than or less than one (1) year shall not be passed upon.
6. A Rider, supplied by the Board of Trustees or their authorized representative, shall be signed by both the Owner and the tenant, and attached to the lease, and made a part of thereof.
7. The unit is intended for residential use only and shall be occupied exclusively by persons 55 years of age or older and the spouses of such persons. A two bedroom unit shall not be occupied by more than four adult persons. Further, additional bedrooms may not be added to the unit.
8. No pets of any type are permitted in rented units.
9. No more than two (2) Tenant automobiles will be allowed to park on the property. All other vehicles, trailers, trucks, commercial or other wise are not permitted.
10. No Unit Owner shall be permitted to lease the Unit unless, and until, he or she has paid in full, to the Board of Trustees of the Association, all unpaid common charges and expenses theretofore assessed by the Board of Trustees against such Unit except permitted mortgages.
11. A copy of the executed Lease shall be sent to the Board of Trustees for the Association or their authorized representative for final approval pursuant to the terms of Article 12(u) and the other appropriate sections of the Master Deed. Any purported Lease of a Unit in violation of the By-Laws and/or Master Deeds shall be voidable at the election of the Board of Trustees.
12. No Unit Owner shall be permitted to retain the use of any of the facilities or the common areas during the term of the lease, such as parking, dumpsters and recreational areas
13. No waiver to the right of first refusal is required for the granting of the rental compliance letter. file PM227

FLATS

EXHIBIT



FIRST FLOOR



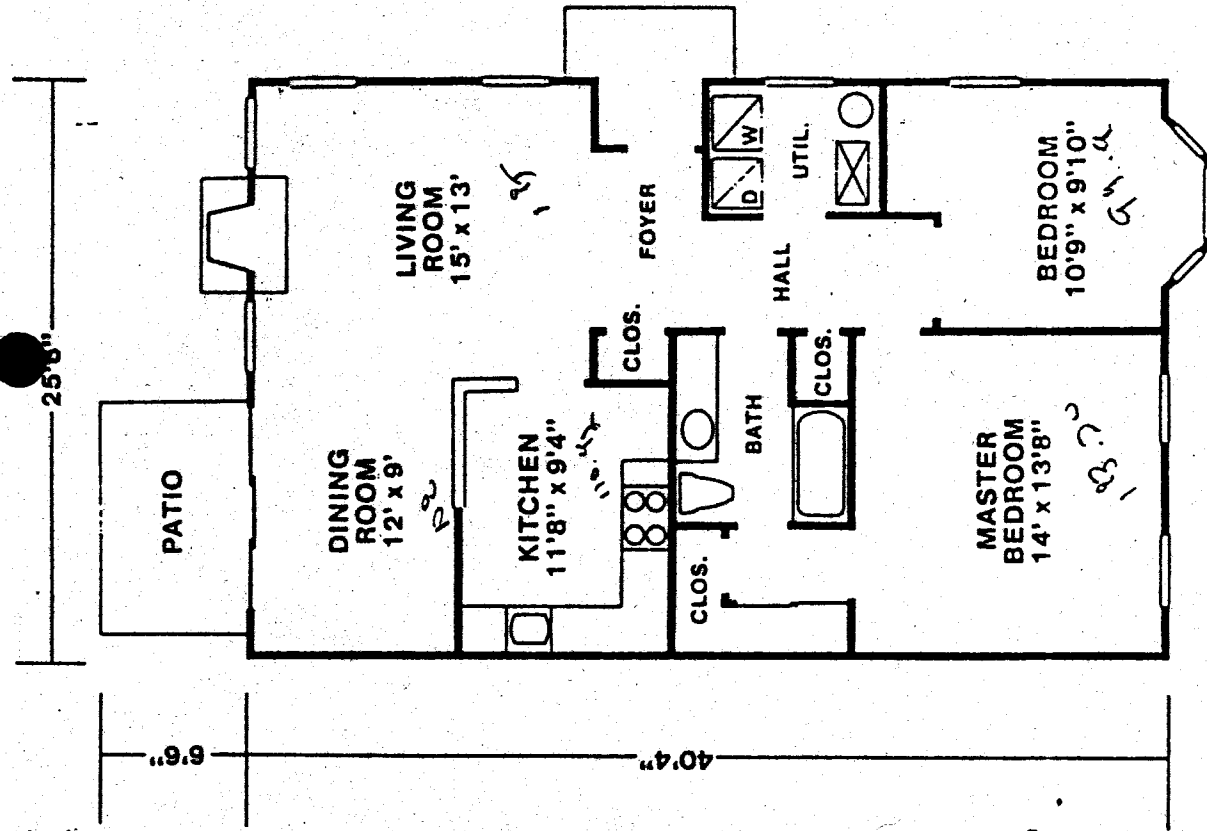
SECOND FLOOR

THE MARTIN ORGANIZATION

ARCHITECTS AND LAND PLANNERS
22nd and Summer Street, Philadelphia, PA 19103

POND MEADOWS
MAHWAH
NEW JERSEY

FLAT



FIRST FLOOR

EXHIBIT C

THE MARTIN ORGANIZATION

ARCHITECTS AND LAND PLANNERS
22nd and Summer Street, Philadelphia, PA 19103

POND MEADOWS
MAIWAH
NEW JERSEY

MORRIS AVENUE

N/F SMITH

N/F PELUSI

N/F TRINITY CHURCH

CHAPEL ROAD

DRIVE

NORTHERLY DRIVE

KONIGHT COURT

FROMM COURT

EAKENS COURT

KRINSKY COURT

MEADOWS ROAD

LOT 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

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MAP REFERENCE: TRAIL SUBDIVISION PLAT, CHAPEL GREENS, STAMPA AND SUBDIVISION MAP, MANOR, BERGEN COUNTY, NEW JERSEY, FILED IN THE COUNTY CLERK'S OFFICE, THE BERGEN COUNTY CLERK'S OFFICE, COUNTY OF BERGEN, NEW JERSEY, BY A MAP ENTITLED "AMENDED FINAL PLAT, CHAPEL GREENS, MANOR, BERGEN COUNTY, NEW JERSEY," PREPARED BY ANDREW MARSHALL, JR., LICENSED PROFESSIONAL SURVEYOR, MEMBER OF THE SURVEYING BOARD.

THIS SURVEY IS OFFERED TO ALL PARTIES IN INTEREST TO BE ACCURATE AND CORRECT.
ANDREW MARSHALL, JR., P.E. B.L.S. 14802

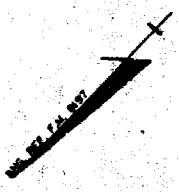
GRAPHIC SCALE
0 50 100 150 200

POND MEADOWS
PHASE ONE
LOCATION SURVEY

MANHAWA BERGEN COUNTY NEW JERSEY

ANDREW MARSHALL JR.
PROFESSIONAL ASSOCIATION
RIDGECROFT, NEW JERSEY

DATE	11/18/85	SHEET	1 of 1
SCALE	1" = 50'	PROJ. NO.	83-252
Y.M.	J.D.	P.E. NO.	14802



NORTHERLY DRIVE

DRIVE

DRIVE

DRIVE

DRIVE

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BLOCK S-76
LOT 3C
CONTAINS 357,079 S.F.
OR 13.06 AC.

N/F DOBERT

N/F WINDCHEST MANOR SANITARIUM, INC.

N/F JUNTA

Exhibit "B"

Being known as proposed Lot 3C, Block S-76 as shown on a map entitled "Amended Final Plat, Chapel Greens, Block S-76, Lot 1A, Mahwah, Bergen County, New Jersey", prepared by Andrew Marshall, Jr. P. E. & L. S., dated September 14, 1984, approved by the Township of Mahwah, Planning Board.

Being subject to an existing 15.00 foot wide right-of-way.

Being also subject to the following easements:

- a) An existing 20.00 foot wide easement to the Northwest Bergen County Utility Authority.
- b) A proposed 20.00 foot wide Sanitary Sewer Easement to the Township of Mahwah.
- c) A proposed 20.00 foot wide Drainage and Retention Basin Easement to the Township of Mahwah
- d) A proposed 20.00 foot wide Water Easement to the Township of Mahwah.

EXHIBIT B

CERTIFICATE OF INCORPORATION OF
THE POND MEADOWS CONDOMINIUM ASSOCIATION, INC.

CERTIFICATE OF INCORPORATION
OF
THE POND MEADOWS CONDOMINIUM ASSOCIATION, INC.

The undersigned, being over the age of eighteen years, in order to form a corporation pursuant to the provisions of the New Jersey Nonprofit Corporation Act, does hereby certify:

FIRST: The name of the corporation is The Pond Meadows Condominium Association, Inc.

SECOND: The purpose for which the Corporation is organized is to operate, maintain and protect the common elements of Pond Meadows, located in Mahwah, New Jersey, and to perform those acts for the common interest of owners of Pond Meadows as set forth in the By Laws.

The corporation shall be operated and organized as a homeowners' association within the meaning of Section 528 of the Internal Revenue Code.

THIRD: The corporation shall have members the qualifications and rights and limitations for which shall be as set forth in the By Laws of the Corporation.

FOURTH: The address of the Corporation's initial registered office and the name of the Corporation's initial registered agent at such address is Stewart M. Hutt, Esq. of Hutt, Berkow & Jankowski, P.A., 459 Amboy Avenue, P.O. Box 648, Woodbridge, New Jersey.

FIFTH: The method of electing trustees shall be

as set forth in the By Laws of the Corporation.

SIXTH: The Corporation shall indemnify every corporate agent as defined in, and to the full extent permitted by Section 15A:3-4 of the New Jersey Nonprofit Corporation Act, and to the full extent otherwise permitted by law.

SEVENTH: The number of trustees constituting the first board is five, and the names and addresses of the persons who are to serve as such trustees are:

Allen Weingarten, 2109 St. Georges Avenue, Rahway, NJ
Ira Friedland, 2109 St. Georges Avenue, Rahway, NJ
Marty Friedland, 2109 St. Georges Avenue, Rahway, NJ
Libby Friedland, 2109 St. Georges Avenue, Rahway, NJ
Florence Friedland, 2109 St. Georges Avenue, Rahway, NJ

EIGHTH: The name and address of incorporator is Janice K. Scherer, Esq., Hutt, Berkow & Jankowski, P.A., 459 Amboy Avenue, Woodbridge, New Jersey.

NINTH: No trustee or officer of the corporation shall as such receive or become entitled to receive at any time any part of the net earnings or other net income of the Corporation, nor shall any part of the net earnings of the Corporation inure to the benefit of any person, except as reimbursement for expenses incurred in conducting its affairs and carrying out its purposes, nor shall the corporation carry on propaganda or otherwise attempt to influence legislation, nor shall the corporation participate or intervene in any political campaign on behalf of any candidate for public office.

TENTH: (1) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

(2) The Corporation shall not engage in any act of self-dealing as defined in the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

(3) The Corporation shall not retain any excess business holdings as defined in the Internal Revenue Code of 1954, or provisions of any subsequent Federal tax laws.

(4) The Corporation shall not make any investments in such manner as to subject it to tax under the Internal Revenue Code of 1954, or provisions of any subsequent Federal tax laws.

(5) The Corporation shall not make any taxable expenditures as defined in the Internal Revenue Code of 1954, or provisions of any subsequent Federal tax laws.

ELEVENTH: The method of distribution of assets of the Corporation upon dissolution shall be as set forth in the By Laws of the Corporation.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Incorporation this day of , 1985.

JANICE K. SCHERER

EXHIBIT C

BY LAWS OF THE POND MEADOWS
CONDOMINIUM ASSOCIATION, INC.

BY LAWS OF THE POND MEADOWS CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

APPLICABILITY, MEMBERSHIP

Section 1. APPLICABILITY. These By Laws shall be applicable to The Pond Meadows Condominium Association, Inc., a non-profit corporation of the State of New Jersey, its members, and all common elements of The Pond Meadows Condominium as established by Master Deed.

Section 2. OWNERS AS MEMBERS. All present and future owners of condominium units on lands in Mahwah Township, Bergen County, New Jersey, which are subject to the Pond Meadows Master Deed recorded in the County Clerk's Office of the County of Bergen, shall be members of The Pond Meadows Condominium Association, Inc. Acquisition, or occupancy of a condominium unit, shall be conclusively deemed to mean that the said owner, resident or occupant has consented to and ratified these By-Laws or any amendments thereto.

Section 3. DEFINITIONS. The definitions set forth in the Pond Meadows Master Deed shall be applicable herein.

ARTICLE II

MEMBERSHIP, VOTING RIGHTS AND MEETINGS

Section 1. MEMBERSHIP. Every owner of a condominium unit which is subject to the Pond Meadows Condominium Master Deed shall be a member of the Association. Membership shall be appurtenant to and may not be separated

from ownership of any unit which is subject to this Master Deed. Ownership of a unit shall be the sole qualification for membership. Membership in the Association shall lapse and terminate when a member shall cease to be an owner -- however, any delinquent assessments will still be the personal liability of said owner despite termination of membership.

Section 2. VOTING [REDACTED] The owner of each unit [REDACTED] If there is more than one (1) owner of a unit, the vote shall be deemed to be authorized to cast the vote for that unit unless the Association is otherwise expressly advised in writing.

Section 3. PROXIES. Votes may be cast either in person or by proxy. Proxies must be in writing.

Section 4. QUORUM [REDACTED] Except as otherwise provided in these By Laws, the [REDACTED] of the Association [REDACTED] of members. If any meeting of members cannot be organized because a quorum has not attended, the members present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called. In the event of any such adjourned meeting, no further notice of the adjourned date need be given to any of the members. Thereafter, business may be transacted at the adjourned meeting by a majority of the members present at such meeting.

Section 5. MEETINGS. Annual and special meeting of the Association shall be held at such convenient locations as the Trustees may select and at such times fixed by the Trustees of the Association. The first annual meeting shall be held on a date to be fixed by the Board of Trustees.

Section 6. [REDACTED]. Written notice of annual meetings shall be given by the Secretary in a method deemed reasonable by the Association. Notices addressed to members at such addresses as may appear on the records of the Association shall be deemed sufficient for all purposes. Such written notice shall set forth the time, place and purpose(s) of the meeting, and shall be given not less than ten [REDACTED] nor more than sixty [REDACTED] before the date of such meeting. Waiver of notice may be made by any member, in writing. Presence at the meeting shall be considered waiver of any formal notice to the member. Only matters set forth in such notice shall be considered at such meeting.

Section 7. MEMBERSHIP LIST. The Secretary of the Association shall keep a complete list of members of the Association, together with their last known post office address. It shall be the members' responsibility to inform the Secretary of any changes in address or listing, and of the sale of any unit. Such list shall be open for inspection to all members. The Secretary shall also keep current the minutes of the meetings of the Association, and the resolutions and books of the Association.

Section 8. SPECIAL MEETINGS. The President of the Association, if directed by the Trustees, shall call a special meeting. Written notice of a special meeting shall state the time, place and purpose(s) thereof and be given no less than ten (10) days before said meeting. No other meetings shall be called other than provided herein, except that in the event two-thirds (2/3) of all members desire to call a special meeting and they indicate their desire to the Trustees, the President shall be required to call said special meeting. Only matters set forth in such notice shall be considered at such meeting.

Section 9. MAJORITY OF VOTES. As used in these By Laws, majority means that number of votes which exceed 50% of all votes cast.

Section 10. VOTE REQUIRED. Except as otherwise provided herein, or in the Pond Meadows Condominium Master Deed, a majority of the votes cast at any meeting shall be determinative of the subject matter of the vote.

Section 11. MEMBERSHIP FEE. Each owner of a unit (other than Sponsor), including successors in title, at or prior to the taking of title, shall pay a prescribed, one-time membership fee of \$300.00. This fee shall be paid on each unit owned, so that if one owner owns 5 units, he must pay 5 such one-time membership fees. Said fee is separate from, and in addition to, assessments and charges referred to in these By-Laws and the Master Deed. Any unpaid membership fee shall

be a lien and enforceable in the same manner as set forth in the Master Deed. This \$300.00 membership fee shall be allocated \$200.00 for reserves for emergency contingencies and \$100.00 for working capital.

ARTICLE III

BOARD OF TRUSTEES

Section 1. REGULATED BY. The duties, selection of and term of the Board of Trustees shall be regulated by these By-Laws and the Master Deed.

Section 2. ELECTION AND VACANCIES. The Board of Trustees shall be chosen by vote of the members of the Association at an annual or special meeting or by the Developer during the development period as provided hereinafter. There shall [REDACTED] of the Board at all times. Election of members shall be by the following method:

Each member of the Association present at a meeting called for the purpose of electing Trustees in person or by proxy, shall have one (1) vote for each Trustee to be elected. The candidates receiving the greatest number of cumulative votes shall be deemed elected, depending on how many vacancies are being filled.

Section 3. [REDACTED] OFFICE. At the first annual meeting of the Association, after the unit owners have assumed control of the Board of Trustees from Developer [REDACTED] Trustees shall be elected to s [REDACTED] rs, [REDACTED] shall be elected to serve [REDACTED] one (1) Trustee

shall be elected to serve one (1) year. Thereafter, Trustees
s [REDACTED] the term of each
Trustee shall commence at the annual meeting at which he is
elected. Pending the first election of Trustees, the Trustees
named in the Certificate of Incorporation shall preside.

Trustees elected during the development period shall serve one
year terms or until the first annual meeting of the Association
after the unit owners have assumed control of the Board of
Trustees, whichever comes first, at which time Trustees shall
be elected as delineated herein.

Section 4. DEVELOPER'S PROTECTIVE PROVISIONS.

After control of the Board of Directors has become vested in
Trustees elected by Unit Owners other than the Sponsor, and so
long as the Developer owns at least one (1) unit and holds same
for sale in the ordinary course of business, the following
shall apply:

- (a) Neither the Association or its Board of
Trustees shall take any action that will impair
or adversely affect the rights of the Sponsor
nor cause the Sponsor to suffer any financial,
legal or other detriment, including but not
limited to any direct or indirect interference
with the sale of Lots, or the assessment of the
Sponsor as a Unit Owner, or otherwise, for
capital improvements, not contemplated in the
Master Deed.

- (b) The Association and its Board of Trustees shall continue the same level of maintenance, operation and services as provided immediately prior to such assumption of control of the Board.
- (c) In furtherance of the foregoing provisions, the Sponsor shall have the right to veto any and all actions of the Association or its Board of Trustees which a mortgagee holding a mortgage on any part of the property, in its sole judgment, determines to be detrimental to said mortgagee's interest, and if said mortgagee requires exercise of said veto.
- (d) The Sponsor shall exercise its veto right, in its the sole and absolute discretion of any mortgagee described in (c) above, within ten (10) days after its receipt of written notice that a resolution or other action is proposed or has been taken by the Association or its Board of Trustees. In such event, the Sponsor shall notify the Secretary of the Association of its exercise of its veto right and any such proposal or action shall be null and void and shall be determined to have no further force or effect at any time.

The aforementioned protective provisions shall be construed in accordance with and not in derogation of the provisions N.J.A.C. 5:26-8.4 of the regulations promulgated pursuant to the New Jersey Planned Real Estate Full Disclosure Act, N.J.S.A. 45:22A-21 et seq.

Section 5. CONTROL OF ASSOCIATION BY DEVELOPER.

Developer shall have control of the Association by the election of all Trustees during the period of development subject to the following limitations:

1. Within 30 days after conveyance of title to 25% of the units, the Board shall call an election on at least 20 and not more than 30 days' notice, to Unit Owners for the purpose of electing two (2) of the Trustees by the Unit Owners, other than Developer.

2. Within 30 days after conveyance of title to 75% of the units, the Board shall call an election on at least 20 and not more than 30 days' notice, to Unit Owners for the purpose of electing the remaining Trustees by the Unit Owners other than Developer, except that Developer reserves the right to elect one member of the Board of Trustees for so long as there are any units remaining unsold in the regular course of business, anything to the contrary herein notwithstanding. In calculating the above percentages, it is presumed that they are calculated on the basis of the entire number of units entitled to membership in the Association.

Notwithstanding the foregoing, Developer shall have the right to turn over control of the Association to unit owners, other than Developer, prior to such time, provided the owners agree by majority vote to assume control.

Upon the assumption by the owners of control of the executive board of the Association, the Developer shall forthwith deliver to the Association all items and documents pertinent to the Association such as, but not limited to, a copy of the Master Deed, Declaration of Covenants and Restrictions, documents of creation of the Association, By-Laws, minute book, including all minutes, any rules and regulations, an accounting of association funds, association funds, all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the Association.

Notwithstanding the foregoing, Developer shall turn over and transfer control of the Association to the Unit Owners no later than 5 years following conveyance of the first unit.

Section 6. REMOVAL OF TRUSTEE. A Trustee may be removed for good cause by a majority of Trustees, or with or without good cause by a two-thirds vote of all Association members. When a member of the Board of Trustees who has been elected by unit owners other than Sponsor is removed or resigns, that vacancy shall be filled by a unit owner other than the Sponsor.

Section 7. TRUSTEES MEETINGS. Meetings of the Board of Trustees shall be held three (3) times per year. Notice of the meetings shall be given to each Trustee personally at least five (5) days before the meeting, except that no separate notice need be given of regularly scheduled meetings. After the Unit Owners have assumed control of the Association, a reasonable notice of Board meetings shall also be given to Unit Owners, in a manner as may be determined by the Board. Presence of three (3) Trustees shall be considered a quorum. Waiver of Notice may be made by any Trustee, in writing. Presence at the meeting shall be considered waiver of any formal notice to the Trustee.

Section 8. NOMINATING COMMITTEE. A committee may be chosen to be known as the Nominating Committee and whose function shall be to submit a reasonable number of candidates for the vacancies in the Board of Trustees, not be filled by the Sponsor. Said list of candidates shall be submitted to the Board of Trustees at least fifteen (15) days prior to the annual election. Said number of candidates shall not be less than the number of vacancies in the Board of Trustees.

Except as provided in the Certificate of Incorporation, and for Trustees to be elected by Sponsor, all candidates for the Board of Trustees must either be a member of the Association, or an officer, servant, agent or employee of the Sponsor.

Section 9. DUTIES OF TRUSTEES.

I. The affairs of the Association shall be governed

I. The affairs of the Association shall be governed by the Board of Trustees, except as otherwise provided in the Master Deed, Certificate of Incorporation, or in other Articles of these By-Laws. The Board of Trustees shall perform all duties required of it by the Master Deed and shall have all powers granted by said Master Deed, including the following duties and powers without limitation:

(a) To maintain, care for, repair, replace, reconstruct and protect the common elements, facilities and property of the Condominium.

(b) To establish, levy, assess and collect assessments, both annual and special, including reasonable reserves, from the Unit Owners and to use said monies for the operation and maintenance of the common elements, facilities and property, to pay for all taxes, insurance and charges against said property.

(c) To buy, sell, mortgage, lease, rent, borrow or do any other act which may alter or change the assets of the Association provided, however, that in the event the Association is desirous of substantially altering or changing the capital structure, or property ownership of the Association, then the Association members must consent to said act, by a vote according to the provisions of Article II hereof.

(d) To prepare, prior to each annual meeting, a balance sheet, statement of income, and budget for the

Association reflecting the amounts intended to be necessary to meet the cost of operation and maintenance, etc. In the event it is concluded by the Board of Trustees that a special assessment and/or increase in the annual assessment and monthly payments will be necessary, it may make such increase and/or special assessment in accordance with the Master Deed, and it shall notify the members of the Association by written notice of same, the need and the reason therefor, and the amounts thereof.

(e) To determine personnel requirements, duties and organization and to employ and dismiss all employees, agents and servants of the Association, and to determine the compensation therefor; to obtain fidelity bonds for all officers or employees of the Association handling or responsible for Association funds, and to provide fiduciary insurance protection for Association Trustees and officers.

(f) To collect delinquent assessments and to employ the provisions and powers set forth in the Master Deed and the New Jersey Condominium Act, N.J.S.A. 46:8B-1 et. seq., to collect, foreclose, execute or levy against any member or unit which is delinquent.

(g) To authorize and designate such officer or officers as may be required to execute and deliver any documents, contracts, deeds, mortgages, certificates, bonds, notes or other instruments of title or other documents of

whatsoever nature as may be required in furtherance of the affairs of the Association.

(h) To keep detailed books of account and receipts and expenditures and to employ competent legal counsel and accountants as may be reasonable and necessary.

(i) To carry out the purposes of the Association, as embodied in the Certificate of Incorporation, the Master Deed and these By-Laws.

(j) To insure against loss from fire, vandalism, or any other cause, on any common elements and facilities; and to maintain public liability insurance insuring the Association and its members against any claims arising from injuries or damages occurring on the common elements and facilities, to obtain officers' and directors' or trustees' liability insurance, and to provide such additional insurance as may be appropriate. The managing agent and his employees, as well as the Officers of the Association shall have fidelity insurance equal to or greater than the amount of the annual budget for the first year of operation. For the second year and succeeding years, the bond shall be in an amount equal to the annual budget plus accumulated reserves. This provision shall be effective until the expiration of any management contract entered into while the Developer maintains a majority of the Executive Board.

(k) To pay taxes and assessments levied against the common elements.


(I) To enforce compliance with the Master Deed and to make and enforce compliance with such Rules and Regulations relative to the use and occupancy of the units, the operation and use of the common elements and facilities, and to amend the same from time to time as it deems reasonable and necessary. Such Rules and Regulations shall be binding on all owners, occupants, lessees, members, residents and guests, and which may include, although not be limited to, the suspension of the privilege of members and the right to the enjoyment of the common elements and facilities by the owners, members, guests, residents, occupants and lessees.

II. While the Developer maintains a majority of the Board of Trustees, it shall make no additions, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

ARTICLE IV

OFFICERS

Section 1. OFFICERS. The officers of the Association shall be a President, Vice President, Secretary and Treasurer and other officers as the Board of Trustees may deem to be necessary and appropriate.

 The officers shall be elected annually by the Board of Trustees at a meeting called for that purpose or at the Board's organizational meeting

following its election by the members. A majority vote will be sufficient to elect an officer.

Section 3. PRESIDING OFFICER. The President shall preside at all meetings of the members. He shall be the chief executive officer of the Association. He shall have all of the general powers and duties which are usually vested in the office of the president of an Association.

Section 4. 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 some other Trustee to do so on an interim basis. The vice-president shall also perform such other duties as shall from time to time be imposed upon him by the Board.

Section 4. SECRETARY. The Secretary shall attend all meetings of the Association and Board of Trustees and shall record all votes and take minutes of the proceedings, and shall draft resolutions and include all proceedings in a Minute Book, and shall perform all other duties incident to the Office of Secretary.

Section 5. TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Trustees, provided, however, that

disbursements made in the ordinary course of business shall not need resolutions.

The Treasurer shall keep proper books of account and cause annual audit of the Association's books to be made by a Certified Public Accountant at the completion of each fiscal year. He shall supervise the preparation of an annual budget and an annual balance sheet and shall present same to the membership.

Section 6. Any two or more offices may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity if the instrument is required by law or by these By Laws to be executed, acknowledged or verified by two or more officers.

ARTICLE V

COMMITTEES

The Board of Trustees shall have the right to create such committees as it deems appropriate for the performance of any obligation, duty or responsibility hereunder and to choose and remove the members thereof, and determine the terms of membership as it deems appropriate. Unless otherwise provided herein, or in the Master Deed, committee members need not be members of the Board of Trustees, but shall be members of the Association.

ARTICLE VI

FORFEITURE OF VOTING RIGHTS

MEMBER IN DEFAULT. In the event a member is in

MEMBER IN DEFAULT. In the event a member is in default of payment of general or special assessments, or is in violation of the Master Deed, By-Laws of Association Rules and Regulations, his voting rights may be forfeited by the Board of Trustees until such default or violation is corrected. This forfeiture in no way relieves said member of any obligations and duties as set forth in the other provisions of these By-Laws, or the provisions of the Master Deed.

ARTICLE VII

MISCELLANEOUS

Section 1. INDEMNIFICATION OF OFFICERS AND TRUSTEES. The Association shall indemnify every Trustee and officer, his heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceedings to which he may be made a party by reason of his being or having been a Trustee or Officer of the Association, if said person acted in good faith and in a manner which the agent reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, the corporate agent had no reasonable cause to believe the conduct was unlawful. No indemnification shall be provided as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in

connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct in the performance of his duty as such Trustee or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Trustee or Officer may be entitled. All liability, loss, damage, cost and expenses incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses provided, however, that nothing in this Article contained shall be deemed to obligate the Association to indemnify any member, who is or has been a Trustee or Officer of the Association, with respect to any duties or obligations assumed or liability incurred by him under and by virtue of his membership in the association or as an owner of a living unit. Nothing contained herein to the contrary shall serve to exculpate members of the Board of Directors appointed by the Sponsor from their fiduciary responsibilities.

Section 2. REIMBURSEMENT BY MEMBERS. Each member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the common elements damaged solely by the member's negligence or by the negligence of the member's tenants, agents, guests or licensees promptly upon receipt of the

Association's statement therefor and shall reimburse the Association for any expenses incurred in securing compliance by such member with the Master Deed, By-Laws or Association Rules and Regulations or in abating or curing such violation.

Section 3. RATIFICATION. Acquisition of, or occupancy of a condominium unit shall be conclusively deemed to mean that such owner or occupant consented to and has ratified these By-Laws and the Master Deed and all their appropriate and respective duties and obligations thereunder.

ARTICLE VIII

ENFORCEMENT

Section 1. ENFORCEMENT. The Association shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: self help; sending notice to the offending party to cause certain things to be done or undone; restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law..

Section 2. FINES. The Association shall also have the power to levy fines against any Unit Owner(s) for violation(s) of any rules or regulation or use restrictions contained in the Master Deed or By Laws except that no fine may be levied for more than \$10.00 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 Unit Owner(s) involved as if the fines were a Common Expense owed by the particular Unit Owner(s).

Section 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 thereof which may occur.

ARTICLE IX

AMENDMENTS

These By-Laws, or any of them, may be altered, amended or repealed, or new By-Laws may be made at any regular or special meeting of the Association duly constituted for such purpose, and previous to which written notice to Unit Owners of the exact language of the amendment, alteration or of the repeal shall have been sent, a quorum being present, by an affirmative vote of 51% of the votes entitled to be cast in person or by proxy, except that (i) the first annual meeting may not be advanced, (ii) the first Board (including replacements in case of vacancies) may not be enlarged or removed, and (iii) the obligation or the proportionate responsibility for the payment of Common Expenses with respect to Units or the Common Elements may not be changed by reason of any such amendment or repeal. Those provisions of these By-Laws which are governed by the Certificate of Incorporation

of this Association may not be amended except as provided in said Certificate of Incorporation or applicable law. Any matter stated herein to be, or which is in fact, governed by the Master Deed applicable to the Property may not be amended except as provided in such Master Deed.

Developer shall not be permitted to cast any votes allocated to unsold units in order to amend the Master Deed, By-Laws or any other document for the purpose of changing the permitted use of a lot or unit or for the purpose of reducing the Common Elements.

ARTICLE X

CONFLICT; INVALIDITY

Section 1. CONFLICT. Anything to the contrary herein notwithstanding, if any provision of this Instrument is in conflict with or contradiction of the Master Deed, or with the requirements of any law, then the requirements of said Master Deed or law shall be deemed controlling.

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

ARTICLE XI

NOTICE

Any notice required to be sent to any Unit Owner under the provisions of the Master Deed or Articles of Incorporation or these By-Laws shall be deemed to have properly sent and notice thereby given, when mailed, by regular post.

with postage prepaid, addressed to the Unit Owner at the last known post office address of the person who appears as a member on the records of the Association at the time of such mailing. Notice to one or two or more co-owners of a Unit shall constitute notice to all co-owners. It shall be the obligation of every Unit Owner to immediately notify the Secretary of the Association in writing of any change of address.

ARTICLE XII

DISSOLUTION

Section 1. In the event it shall be deemed advisable and for the benefit of the members of the Association that the Association should be dissolved, the procedures concerning dissolution set forth in Title 15A of the Revised Statutes of the State of New Jersey, as amended, entitled NONPROFIT CORPORATION ACT, shall be followed.

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