

FORRESTAL VILLAGE
DECLARATION OF COVENANTS AND RESTRICTIONS

DATED: November 6, 1979

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FORRESTAL VILLAGE

DECLARATION OF COVENANTS AND RESTRICTIONS

THIS DECLARATION, made this 6th day of November, 1979 by Sarshik & Edwards, a partnership, and Forrestal Village, Inc., a New Jersey corporation; and Forrestal Apartments Company, a limited partnership of New Jersey, hereinafter called "Developer",

WITNESSETH:

WHEREAS. Said Forrestal Apartments Company is the owner of the real property described in Exhibit A of this Declaration and located in Plainsboro Township, Middlesex County, New Jersey; and

WHEREAS, Developer desires to create thereon the first section of the Community of Forrestal Village as a Planned Multiple Use Development, as more specifically defined in the Plainsboro Township Zoning Ordinance, such community to have a planned mix of land uses, consisting of various housing types, open spaces and community facilities for the benefit of said community; and

WHEREAS, Developer desires to provide for the preservation and enhancement of the property values, amenities and opportunities in said community contributing to the personal and general health, safety and welfare of residents and for the maintenance of the land and improvements thereon, and to this end desires to subject the real property described in Exhibit A together with such additions as may hereafter be made thereto (as provided in Article 11) to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS. to provide means for meeting the purposes and intents herein set forth and the intents and requirements of the Township, the Developer has incorporated it under the laws of the State of New Jersey the Forrestal Village Community Services Association. Inc.

NOW THEREFORE, the Developer declares that the real property described in Exhibit A, and such additions thereto as may hereafter be made pursuant to Article 11 hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth;

AND FURTHER, the Developer hereby delegates and assigns to the Forrestal Village Community Services Association, Inc., the powers of owning, maintaining and administering the community properties and facilities, administering and enforcing the covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents.

ARTICLE I

DEFINITIONS

SECTION 1. "Approval" shall mean and refer to the issuance by any public agency of written approval, or any written waiver of approval rights or a letter of "no objection."

SECTION 2. "Assessable Land Unit" shall mean and refer to each undeveloped Lot that has been subjected to this Declaration and recorded, together with an appropriate legal description in the land records of Middlesex County, New Jersey, until such time as the proposed improvements to such Lot become Assessable Living Units.

SECTION 3. "Assessable Living Unit" shall mean and refer to: (a) each Lot which has been fully developed and upon which is situated a single Living Unit for which a Certificate of Occupancy has been issued; (b) each living Unit which has been subjected to the New Jersey Condominium Act as such may be amended from time to time; (c) each Living Unit in a Multi-Family Structure from and after such time as an Occupancy Permit is secured for the Structure; (d) each Living Unit controlled within a cooperative.

SECTION 4. "Assessable Unit" shall mean and refer to any real property within the Properties which is subject to assessments.

SECTION 5. "Association" shall mean the Forrestal Village Community Services Association, Inc., its successors, and assigns.

SECTION 6. "Board" shall mean and refer to the Board of Directors of the Association.

SECTION 7. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies of the Association as same may be from time to time amended.

SECTION 8. "Condominium" shall have the meaning set forth in the New Jersey Condominium Act (P.L.1969, c.257), as such from time to time be amended.

SECTION 9. "Condominium Property" shall have the meaning set forth in the New Jersey Condominium Act (P.L.1969, c.257), as such may from time to time be amended.

SECTION 10. "Condominium Unit" means a part of the Condominium Property designed or intended for any type of independent use, having a direct exit to a public street or way or to a common element or common elements leading to a public street or way, or to an easement or right of way to a public street or way, and includes the proportionate undivided interest in the common elements and in any limited common elements assigned thereto in the master deed establishing the Condominium or any amendment thereof.

SECTION 11. "Common Areas" shall mean and refer to all real property and improvements thereon owned or leased by the Association for the common use and enjoyment of the Owners and Members. The Common Area to be owned by the Association at the time of the conveyance of the first Lot to an Owner who is not the Developer is described in Exhibit C hereto.

SECTION 12. "Common Open Space" shall mean and refer to the land and premises described in Schedules "A", "B", "C". and "D" of the Declaration of Common Open Space.

SECTION 13. "Common Open Space Improvements" shall mean and refer to improvements made to the Common Open Space pursuant to the S & E Deed with the written consent of The Trustees of Princeton University.

SECTION 14. "Declaration" shall mean the covenants, conditions, and restrictions and all other provisions herein set forth in this entire document, as same may from time to time be amended.

SECTION 15. "Declaration of Common Open Space" shall mean and refer to that certain instrument entitled "Declaration of Common Open Space" dated November 8, 1977 made by The Trustees of Princeton University and recorded in the Clerk's Office of Middlesex County, New Jersey in Deed Book No. 3007. at Page 543 & c.

SECTION 16. "Developer" shall mean and refer to Sarshik & Edwards, a partnership, and Forrestal Village, Inc., a New Jersey corporation and Forrestal Apartments Company, their successors and assigns; provided, however, that no successor or assignee of the Developer shall have any rights or obligations of the Developer hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or which pass by operation of law. The rights and obligations set forth herein of the Developer, as Developer, shall cease when new Living Unit construction contemplated by the Development Plan is substantially completed or after five (5) years have lapsed since the filing of the last Supplementary Declaration establishing a Parcel with Living Units. The rights and obligations of said Forrestal Apartments Company, anything herein to the contrary notwithstanding, as a Developer shall only apply to the lands described in Schedule "A" attached hereto and to no other lands of the Development Plan.

SECTION 17. "Development Plan" shall mean and refer to the total general scheme of intended uses of land in the Properties approved by Plainsboro Township and by the Board of Trustees of Princeton University, as illustrated in Exhibit B hereof, as may be amended from time to time, and as further defined in Article II Section 3.

SECTION 18. "Federal Mortgage Agencies" shall mean and refer to those Federal Agencies who have or may come to have an interest in the Properties, such as the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, or successors to their interests.

SECTION 19. "First Mortgagee" shall mean and refer to an Institutional Lender who holds the mortgage on a Lot or Living Unit and who has notified the Association of its holdings.

SECTION 20. "Founding Documents" shall mean and refer to the Articles of Incorporation of the Association, this Declaration, Supplementary Declarations and the Association Bylaws, all as initially drawn by the Developer and filed and recorded as the case may be, and all as may be duly amended from time to time.

SECTION 21. "Governing Documents" shall mean and refer collectively and severally to the Founding Documents and the Book of Resolutions, as such may be amended from time to time.

SECTION 22. "Institutional Lender" shall mean and refer to one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, business trusts, Princeton University, or other similar lenders, including but not limited to real estate investments trusts, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such a lender, or any private governmental institution which has insured a loan of such a lender, or any individual who loans money for home purchase or any combination of any of the foregoing entities.

SECTION 23. "Lead Lender" shall mean and refer to the First Mortgagee holding the greatest number of first mortgages on Lots and/or Living Units within the Properties.

SECTION 24. "Living Unit" shall mean and refer to any portion of a structure situated upon The Properties designed and intended for use and occupancy as a residence by a Single Family.

SECTION 25. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of The Properties, with the exception of Common Areas heretofore defined, and to any condominium unit created under the Condominium Act of New Jersey, as such may be amended from time to time. .

SECTION 26. "Member" shall mean and refer to a person or entity who is a record owner of a fee or undivided fee in a Lot or Living Unit subject to the Declaration, including contract sellers. but excluding persons or entities who hold an interest merely as security for the performance of an obligation: also every lessee who holds a lease with an initial term of at least one year and every contract purchaser who occupies a Living Unit shall be a Member.

SECTION 27. "Multi-Family-Structure" shall mean and refer to a structure with two or more Living Units under one roof, except when such Living Unit is subject to the Condominium Act of New Jersey or is situated upon its own individual Lot as defined herein.

SECTION 28. "Notice" shall mean and refer to: (a) written notice delivered personally or mailed to the last known address of the intended recipient or (b) notice through a community publication which is delivered to all Living Units.

SECTION 29. "Occupant" shall mean and refer to the occupant of a Living Unit who shall be the Owner, a contract purchaser, or a lessee who holds a written lease having an initial term of at least twelve (12) months.

SECTION 30. "Owner" shall mean and refer to the record holder of the fee simple title to any lot, whether one or more persons or entities, and shall include contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 31. "Parcel" shall mean and refer to all platted subdivisions of one or more Lots which are subject to the same Supplementary Declaration.

SECTION 32. "Parcel Common Area" shall mean and refer to portions of the Common Area within a Parcel which are designated as Parcel Common Area in the Governing Documents and which are for the primary use and enjoyment of Members residing in such Parcel.

SECTION 33. "The Properties" shall mean and refer to all real property which is subject to the Declaration, together with such other real property as may from time to time be annexed thereto under the provisions of Article II hereof.

SECTION 34. "Quorum of Members" shall mean the representation by presence or proxy of Members who hold fifty percent of the outstanding votes of each voting class.

SECTION 35. "Quorum of Owners" shall mean the representation by presence or proxy of Members who hold seventy five percent of the outstanding Class A votes and the representation by presence or proxy of the Class C member, so long as it shall exist.

SECTION 36. "Registered Notice" shall mean and refer to any notice which has been signed by a recipient or has been certified by the U.S. Postal Service or other entity as having been delivered to the address of the intended recipient. In case of refusal. ordinary mail then constitutes due notice.

SECTION 37. "S & E Common Open Space" shall mean and refer to that portion of the Common Open Space which by virtue of the S & E Deed, Sarshik & Edwards, the Grantee thereunder, its successors and assigns, are responsible for the maintenance of, and the entire cost and expense of such maintenance.

SECTION 38. "S & E Deed" shall mean and refer to that certain Deed dated November 8, 1977 given by The Trustees of Princeton University to Sarshik & Edwards and recorded in the Clerk's Office of the Middlesex County, New Jersey, in Deed Book No. 3007, at page 566 & c.

SECTION 39. "Single Family" shall mean and refer to a single housekeeping unit which consists of not more than three adults who are legally unrelated.

SECTION 40. "Supplementary Declaration" shall mean any declaration of covenants, conditions and restrictions which may be recorded by the Developer, which extends the provisions of this Declaration to a Parcel and contains such complimentary provisions for such Parcel as are deemed appropriate by the Developer and as are herein required.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

ADDITIONS THERETO

SECTION 1. EXISTING PROPERTY. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Plainsboro Township, Middlesex County, State of New Jersey, and is more particularly described in Exhibit A and represents the first stage of the Planned Multiple Use Development known as Forrestal Village.

SECTION 2. ADDITIONS TO EXISTING PROPERTY. Added properties may become subject to this Declaration in the following manner:

(a) *Additions by the Developer.* The Developer shall have the right to subject to the Declaration any additional property which lies within the land area represented by the Development Plan, as may be amended from time to time, provided that no more than five (5) years have lapsed since the filing of the last Supplementary Declaration which subjects a Parcel to this Declaration. Upon request of the Federal Mortgage Agencies or the Association, the Developer shall provide a statement which shall set forth an estimate of the net additional operating costs expected to result from the annexation and an estimate of the expected increase in user load, upon existing developed recreation facilities.

(b) *Other Additions.* Additional land, other than that described above, may be annexed to the Existing Property upon approval of seventy-five percent of the votes of a Quorum of Owners.

The additions authorized under subsection (a) and (b) shall be made by complying with the requirements of the Zoning Ordinance, by securing the Approval of the Federal Mortgage Agencies, if required, by filing of record one or more Supplementary Declarations of covenants and restrictions with respect to the additional property and by filing with the Association the preliminary plat for such additions.

SECTION 3. THE DEVELOPMENT PLAN.

(a) *Purpose.* The Development Plan, illustrated in Exhibit S, is the dynamic design for the stage development of The Properties as a Planned Multiple Use Development which will be regularly modified and amended, as provided herein, during the several years required to build the community. Because the Development Plan is a temporary design, it shall not bind the Developer to make any of the additions to the Existing Property which are shown on the Development Plan unless and until a Supplementary Declaration is filed for such property which subjects it to this Declaration. Thereupon, the Developer shall then be obligated to complete development of such Parcel in accordance with the Development Plan currently in effect, unless seventy-five percent of the votes of the Quorum of Owners, and the Federal Mortgage Agencies, if required, consent to a change.

(b) *Amendments.* The Developer hereby reserves the right to amend the Development Plan for lands which have yet not been made subject to this Declaration, in response to changes in technological, economic,

environmental or social conditions related to the development or marketing of The Properties or to changes in requirements of government agencies and financial institutions.

Such amendments shall be effected by: (1) giving notice of proposed changes to the Association, (2) securing the Approval of the Trustees of Princeton University and of Plainsboro Township, and (3) securing Approval of the Federal Mortgage Agencies, if required, which have an interest in The Properties.

SECTION 4. MERGER. In accordance with its Articles of incorporation, The Properties, rights, and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association similar in corporate nature and purposes or, alternatively, The Properties, rights and obligations of an association similar in corporate nature and purposes may by operation of law be added to The Properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidations, however, shall effect any revocation, change or addition to the covenants established by this Declaration within the Existing Property except as hereinafter provided. Such merger or consolidation shall have the assent of seventy-five percent of the votes of a Quorum of Owners.

ARTICLE III

FORRESTAL VILLAGE COMMUNITY SERVICES ASSOCIATION

SECTION 1. ORGANIZATION.

(a) *The Association.* The Association is a nonprofit corporation organized and existing under the laws of New Jersey, charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as such may be amended from time to time, provided no other Governing Document than this Declaration shall for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

(b) *Institutional plan.* As the operating responsibilities of the Association expand from those related to the Existing Property to those required by the fully developed Planned Multiple Use Development of Forrestal Village, this Declaration and the Governing Documents shall guide the controlled and orderly evolution of the Association into a comprehensive community institution with two operating and administrative levels, each with associated membership rights and assessment obligations:

- (1) *Parcel Level* refers to the administrative and operational activities construed to be of material benefit primarily to Members within a single Parcel with Living Units. A Parcel shall be established by recording a Supplementary Declaration which sets forth its boundaries, purposes, membership constituency and rights and obligations of Members which may be unique to such Parcel. A Parcel Committee may be established for each Parcel in accordance with the Bylaws and serve to advise the Board of Directors on matters pertaining to such Parcel.
- (2) *Community Level* refers to the administrative and operational activities construed to be of material benefit to the Members at large without respect to the type or location of Living Unit in which they reside.

(c) *Subsidiary Corporations.* The Association shall have the right to form one or more subsidiary corporations, for any purpose or purposes deemed appropriate by a majority vote on the Board and of a Quorum of Members. Without limiting the generality of the foregoing, one or more subsidiary corporations may be formed for the operation and maintenance of any specific area or to perform any function within The Properties: however, such subsidiary corporation shall be subject to this Declaration and may not take any action to lessen or abate the rights of the Members.

SECTION 2. MEMBERSHIP.

(a) *Definition.* Members shall include all Owners of Lots and all Occupants of Living Units. Membership shall be appurtenant to the Lot or Living Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except as provided in the Governing Documents.

(b) *Members Rights and Duties.* Each Member shall have the rights, duties and obligations set forth in the Governing Documents.

(c) *Voting Rights.* The Association shall have three classes of voting membership:

Class A. Class A Members shall be all Owners of Lots which are not Assessable Land Units. Except for Owners of Lots on which Multi-Family Structures are or will be constructed. Class A Members shall be entitled to one vote for each Assessable Living Unit owned. An Owner of Lots on which Multi-Family Structures are or will be constructed may cast no more than ten percent of all other Class A votes cast on

any issue other than elections. In the case of elections, such Owner shall be entitled to cast for each vacancy one vote for each Lot owned plus one vote for each twenty-five Assessable Living Units owned.

Class B. Class B Members shall be all Occupants of Living Units. Class B Members shall have one vote for the Living Unit they occupy.

Class C. The Class C Member shall be the Developer who shall have 600 votes less the number of Class B votes outstanding at the time a vote is taken. (The initial number of votes assigned to the Class C Member is based on granting such Member one vote for each of the proposed Living Units indicated on the Development Plan.) The Class C Membership shall cease upon the earlier of the following events: when the total number of Class B votes equals the total number of Class C votes, or December 31, 1993.

(d) *Exercise of Vote.* The vote for any membership, which is held by more than one person may be exercised by any one of them, unless any objection or protest by any holder of such membership is made prior to the completion of a vote, in which case the vote for such membership shall not be counted. Any person or entity qualifying as a member of more than one voting class, may exercise those votes to which he is entitled for each such class of membership.

SECTION 3. BOARD OF DIRECTORS.

(a) *Composition.* The number of Directors shall be as provided in the Bylaws. The Developer shall have the right to appoint at least two Directors; the remainder shall be selected as provided in the Bylaws.

(b) *Extent of Power.*

(1) The Board of Directors shall have all powers for the conduct of the affairs of the Association which are enabled by law or the Founding Documents which are not specifically reserved to Members, the Developer, or the Covenants Committee by said Documents.

(2) The Board of Directors shall exercise its power in accordance with the Management Standards Agreement attached hereto as Exhibit D.

(c) *Powers and Duties.* Without limiting the generality thereof, the Board shall have the power and obligation to perform the following duties:

(1) *Real and Personal Property.* To acquire, own, hold, improve, maintain, manage, lease, pledge, convey, transfer or dedicate real or personal property for the benefit of the Members in connection with the affairs of the Association, except that the acquisition, mortgaging or disposal of Common Area and/or improvements shall be subject to the provisions of Article II and Article IV, respectively.

(2) *Rule Making.* To establish rules and regulations for the use of property as provided in Articles IV and VII and to review, modify and approve architectural standards proposed by the Covenants Committee.

(3) *Assessments.* To fix, levy and collect assessments as provided in Articles V and VI.

(4) *Easements.* To grant and convey easements to the Common Area as may become necessary and as provided in Article VIII.

(5) *Employment of Agents.* To employ, enter into contract with, delegate authority to and supervise such persons or entities as may be appropriate to manage, conduct and perform the business obligations and duties of the Association and as provided in the Management Standards Agreement.

(6) *Mergers/Consolidations.* To participate in mergers and consolidations with other corporations as provided in Article II.

(7) *Appeals.* To decide appeals of Covenants Committee decisions as provided herein.

(8) *Enforcement of Governing Documents.* To perform acts, as may be reasonably necessary or appropriate, including bringing suit, causing a lien to be foreclosed or suspending membership rights, to enforce or effectuate any of the provisions of the Governing Documents.

SECTION 4. THE COVENANTS COMMITTEE.

(a) *Composition.* From the time there are fifty (50) homes occupied until the Developer's rights as Developer cease (Article 1), the Covenants Committee shall be composed of:

(1) A New Construction Sub-committee, composed of three persons nominated by the Developer and appointed by the Board of Directors, as provided in the Bylaws.

(2) A Modification and Change Sub-committee, composed of three Owners, appointed by the Board of Directors, as provided in the Bylaws.

Thereafter, the Covenants Committee shall consist of three or more persons who shall be appointed by the Board of Directors as provided in the Bylaws.

(b) *Powers and Duties.* The Covenants Committee shall function in two broad areas: to regulate the external design, appearance, and location of the Properties and improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and

topography, and to monitor and, subject to appeal to the Board, enforce compliance with the provisions of the Governing Documents. In furtherance thereof, the Covenants Committee shall:

- (1) Review and approve, modify or disapprove written applications of Owners and of the Association, for improvements or additions to Lots, Living Units or Common Areas. In this regard, during the period the Covenants Committee is composed of the committees described above, the New Construction Subcommittee shall act with respect to initial improvements to the Common Area and Assessable Land Units; the Modification and Change Sub-committee shall act with respect to modification and changes to improvements to the Common Area, Lots, and Assessable Living Units.
- (2) In accordance with the Bylaws and Book of resolutions, monitor Lots for compliance with architectural standards and approved plans for alteration.
- (3) Propose architectural standards for adoption by the Board.
- (4) Decide cases of alleged infraction of the Governing Documents.
- (5) Propose procedures for the exercise of its duties for adoption by the Board.

(c) *Failure to Act.* In the event the Covenants Committee fails to approve, modify, or disapprove in writing a correctly filed application within (45) days, approval will be deemed granted.

(d) *Appeal.* An applicant may appeal an adverse Covenants Committee decision to the Board of Directors which may uphold, reverse or modify such decision by a two-thirds (2/3) vote of the Directors.

(e) *Funds.* The Board of Directors shall annually budget a reasonable fund for the operations of the Covenants Committee, supported by the General Assessment, the expenditure of which shall be at the sole discretion of the Covenants Committee, except that the Committee must have written concurrence of the Board before any suit against a member is initiated.

ARTICLE IV

COMMON AREA

SECTION 1. OBLIGATIONS OF THE ASSOCIATION. The Association, subject to the rights of the Members set forth in this Declaration; shall be responsible for the management and control, for the exclusive benefit of the Members, of the Common Area conveyed or leased to it and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair in compliance with standards contained in the Book of Resolutions.

SECTION 2. EASEMENT OF ENJOYMENT.

(a) *Common Areas.* Subject to the provisions herein, every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, and every Member shall have a right of enjoyment to the Common Area.

(b) *Parcel Common Areas.* Subject to the provisions herein, the Owners of Lots within a Parcel shall have a priority right and easement of enjoyment in and to the areas designated as Parcel Common Areas by the Governing Documents or an amendment thereto, and every Member within such Parcel shall have a priority right of enjoyment to the Parcel Common Areas.

SECTION 3. EXTENT OF MEMBER'S EASEMENTS. The Members' easement of enjoyment created hereby shall be subject to the following:

(a) The right of Association to establish reasonable admission and other fees for the use of the Common Area.

(b) The rights of the Association to suspend the right of an Owner to use the recreational facilities for any period during which any assessment against his Lot remains unpaid for more than thirty (30) days after notice until such default has been remedied; the right of the Association to suspend the right of a member to use the recreational facilities for a period not to exceed sixty (60) days for any other infraction of the Governing Documents.

(c) The right of the Association to mortgage any of the Common Area facilities with the assent of seventy-five percent of the votes of a Quorum of the Owners. In the event of default upon any mortgage, the lender's rights hereunder shall be limited to a right, after taking possession of such properties, to charge reasonable admission and other fees as a condition to continued enjoyment by the Members and, if necessary, to open the enjoyment of such properties to a wider public until the mortgage debt is satisfied, whereupon the possession of such properties shall be returned to the Association and all rights of the Members hereunder shall be fully restored.

(d) The right of the Association to convey, dedicate or transfer all or any part of the Common Area, subject to the prior approval of the Developer, and assent of seventy-five percent of the votes of a Quorum of the Owners.

(e) The right of the Association to regulate the use of portions of the Common Area for the benefit of Members.

(f) The right of the Association to grant easements for use of the Common Area.

SECTION 4. DELEGATION OF USE. Any Member may delegate his right of enjoyment to the Common Area and facilities to the members of his family and to his guests, subject to such general regulations as may be established from time to time by the Association and included within the Book of Resolutions.

SECTION 5. TITLE TO COMMON AREA. Title to the Parcel Common Area in each Parcel shall be conveyed to the Association by the Developer, free and clear of financial encumbrances, prior to conveyance of the first Lot in a Parcel to an Owner who is not a Developer.

The Developer may retain the legal title to other areas designated as Common Area or portions thereof until such time as it has completed improvements thereon; thereupon the Developer hereby covenants that it will convey such Common Area or portions thereof to the Association free and clear of liens and financial encumbrances. Assessments may not be used to defray operating and maintenance costs of designated Common Areas owned by the Developer that have not been conveyed to the Association.

In the event any Common Area shown in the Development Plan which is not owned by the Association is foreclosed upon, the Association shall have a right of first refusal to purchase the Common Area for an amount not more than the outstanding obligation. If the Common Area is secured through the obligation on a larger tract of land, the holder shall separate the Common Area obligation based upon the ratio of a fair appraisal of the Common Area to a fair appraisal of the larger tract. The Common Area appraisal shall take into consideration its limitation of development for commercial and residential use. Appraisal shall be conducted by an MAI Appraiser.

Should the Developer not complete the project, then it further covenants that it shall convey to the Association free and clear of financial encumbrances sufficient Common Areas such that the ratio of the Common Area acreage to the total acreage owned by all Owners other than the Developer shall be the same ratio as exists in the Development Plan for the entire property. For these purposes the Developer shall be said to have not completed the project when five (5) years have lapsed since the recording of a Supplementary Declaration establishing a Parcel containing Living Units. All Common Area conveyances to the Association by the Developer shall be made free and clear of all liens and encumbrances.

ARTICLE V

COVENANT FOR ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND OBLIGATION FOR ASSESSMENTS. The Developer hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association such Annual and Special Assessments as are established herein and paid in the manner hereinafter provided.

All such assessments, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. In the case of a voluntary conveyance, the grantee shall be jointly and severally liable with the grantor for any unpaid assessments and/or charges, without regard to the right of the grantee to recover from the grantor the amounts paid by grantee for such assessments and/or charges. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Assessable Unit.

SECTION 2. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Assessable Unit shall not affect the assessment lien. However, the sale or transfer of any Assessable Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Assessable Unit from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 3. METHOD OF ASSESSMENT. All Assessments shall be levied by the Association against Assessable Units and collected and disbursed by the Association. The Board of Directors shall fix the amount of the assessments as provided hereinafter and set the date or dates such assessments shall become due.

SECTION 4. ANNUAL ASSESSMENTS shall consist of General and Parcel Assessments.

(a) *General Assessments.*

(1) *Purpose.* The General Assessments shall be used exclusively to promote the health, safety and welfare of the Members and to meet the obligations imposed by the S & E Deed with respect to the S & E Common Open Space and the Common Open Space Improvements, and in particular to improve, maintain, lease and operate the Common Area and facilities and to maintain the S & E Common Open Space and pay the taxes assessed and levied against the Common Open Space Improvements, including funding of appropriate reserves for future repair and replacement.

(2) Basis for Assessment. For General Assessment purposes, there shall be three classes of Assessable Units, all of which shall be assessed at a uniform rate within each class:

Class I: All Living Units which are or have been occupied by a Single Family shall be assessed at one hundred percent (100%) of the General Assessment rate.

Class II: All Living Units for which an Occupancy Permit has been issued by Plainsboro Township but which have never been occupied shall be assessed at twenty-five percent (25%) of the General Assessment rate.

Class III: All Lots which are not otherwise assessable under the Class I and Class II provisions shall be assessed at ten percent (10%) of the General Assessment rate, except that a Lot for which a Building Permit has been issued to construct a cooperative or a Multi-Family Rental Structure shall be assessed at ten percent (10%) of the General Assessment rate for each Living Unit to be constructed on such Lot.

(3) Maximum. Until January 1 of the year following commencement of assessments, the Maximum General Assessment shall be One Hundred Eighty Dollars (\$180.00).

(4) Change in Maximum. From and after the first day of the fiscal year immediately following the commencement of assessments, the Board of Directors may increase the Maximum each year by the greater of: (1) a factor of not more than five percent (5%) of the Maximum for the current fiscal year or (2) the percentage increase, if any, over the twelve (12) month period ending five (5) months prior to the start of the fiscal year, in the Consumer Price Index, or equivalent, as published by the U.S. Labor Department for the Metropolitan Trenton area; such increase shall become effective the first day of the next fiscal year. From after the first day of the fiscal year immediately following the commencement of assessments, the Maximum General Assessment may be increased above the amount which can be set by the Board with the assent of two-thirds (2/3) of the votes of the Quorum of Owners.

(b) Parcel Assessments.

(1) Purpose. Parcel Assessments shall be used for such purposes as are authorized by the Supplementary Declaration for a given parcel.

(2) The Supplementary Declaration shall set forth the basis by which all Assessable Units shall be assessed.

(3) Maximum. The Supplementary Declaration shall set forth the maximum annual Parcel Assessment and methods by which such maximum may be changed.

(c) Method Of Assessment. By a vote of two-thirds (2/3) of the Directors, the Board shall fix the Annual General, and Parcel Assessments at an amount not in excess of the current maximum for each assessment, provided, however, that the Annual Assessments shall be sufficient to meet the obligations imposed by the Declaration and the Supplementary Declarations. In the event the Board fails to fix an assessment for any fiscal year, then each assessment established for the prior year shall automatically be continued until such time as the Board acts.

(d) Date of Commencement of Annual Assessments. The first Annual Assessments provided for herein shall commence as to all Lots within a Parcel on the first day of the month following the conveyance of the Parcel Common Area contained within that Parcel, provided however, that if there is no Parcel Common Area within a specified Parcel then the first annual Assessments as to all Lots within that Parcel shall commence on the first day of the month following the conveyance of a Lot or Living Unit to an Owner who is not a Developer.

SECTION 5. SPECIAL ASSESSMENTS.

(a) Capital Improvement Assessment. The Association may levy in any assessment year a Special Assessment against Assessable Units, applicable to that year and payable over not more than the next three (3) succeeding years, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement or major landscaping effort upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Class C Member, if any, and two-thirds of the votes of a Quorum of Owners. Special Assessments for Capital Improvements to Parcel Common Areas, which will primarily benefit and be maintained by the Owners of that Parcel, require only the approval of two-thirds of the votes of a Quorum of Owners of the effected Parcel.

(b) Restoration Assessment. The Association may levy a Restoration Assessment upon any Lot whose Owner fails to maintain such Lot, as provided in Article VII, Section 2 or fails to reconstruct such unit as provided for in any Supplementary Declarations filed hereinafter. Restoration Assessments shall be limited to the amount necessary to meet the cost of restoration and the cost of collection thereof.

(c) Penalty Assessment. The Association may levy a penalty assessment upon any lot and/or assessable unit whose owner and/or occupant is in violation of any of the terms, covenants or conditions contained herein, in any

Supplementary Declaration or for any violation of any rule or regulation contained in the Book of Resolutions. This penalty assessment shall be levied in accordance with rules and regulations to be established and promulgated by the Board hereinafter.

SECTION 6. DEVELOPER ASSESSMENT. The Developer shall pay an annual Developer Assessment on the aggregate of all unimproved property shown on the Development Plan which he owns or has contracted to purchase. The annual Developer Assessment shall be an amount equal to one hundred thirty-five (135) times the Annual General Assessment rate for that year, less twenty-five (25) percent of the previous years accrued General Assessment income: provided it shall not be less than zero. The amount of the annual Developer Assessment shall be credited against any obligations of the Developer arising at any time for Annual Assessments on Assessable Units which have not been initially occupied. The Developer Assessment shall commence upon conveyance of the first Lot in the Properties to an Owner who is not the Developer and shall be prorated according to the number of whole months remaining in the fiscal year.

SECTION 7. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment installment not paid within fifteen (15) days after the due date shall be delinquent. Thereupon, the Association shall provide Notice of such delinquency and may (a) declare the entire balance of such Annual or Special Assessment due and payable in full; (b) charge a late fee in an amount to be set by the Board and entered in the Book of Resolutions; (c) give Registered Notice to the Owner that in the event payment with accrued charges is not paid within thirty (30) days from the date of such notice, then the lien provided herein shall be foreclosed; (d) upon Registered Notice to the Owner, suspend the right of such Owner to vote or use the recreational facilities until the assessment and accrued charges are paid in full; (e) employ other remedies available at law or equity.

SECTION 8. REMEDY OF THE TOWNSHIP OF PLAINSBORO IN THE EVENT THAT THE COMMON OPEN SPACE AND S & E COMMON OPEN SPACE IS NOT MAINTAINED IN REASONABLE ORDER AND CONDITION. In the event the Association shall fail to maintain the common area and/or the portion of, or facilities it is obliged to maintain with respect to the S & E Common Open Space and the Common Open Space Improvements by virtue of the S & E deed, then and in that event, the Township of Plainsboro shall have such rights as are given to it by virtue of the provisions of N.J.S.A. 40:55D-43(b) and N.J.S.A. 40:55D-43(c) and Sections 85-59D (2) and 85-59D (3) of the Plainsboro Township Code, subject to all of the conditions and limitations contained in N.J.S.A. 40:55D-43(b) and N.J.S.A. 40:55D-43(c) and Sections 85-59D (2) and 85-59D (3) of the Plainsboro Township Code, and further, with respect to the S & E Common Open Space and Common Open Space Improvements, subject to the right of The Trustees of Princeton University to maintain the S & E Common Open Space and the Common Open Space Improvements as provided for in the S & E Deed and subject to The Trustees of Princeton University to have the same rights as are set out in said N.J.S.A. 40:55D-43(b) and N.J.S.A. 40:55D-43(c) and Sections 85-59D (2) and 85-59D (3) of the Plainsboro Township Code, that the association would have in said statute. Nothing contained in this section shall in any way be construed so as to in any way limit the ability of the Township of Plainsboro to continue to assess and collect real estate taxes against the Common Area or the S & E Common Open Space or any improvements thereon in the same manner as other real estate taxes levied against other property situated in the Township of Plainsboro.

SECTION 9. EXEMPT PROPERTY. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (1) all properties to the extent of any easement or other interest therein dedicated and accepted by a public authority and devoted to public use; (2) all Common Area; (3) all properties exempted from taxation by the state or county government upon the terms and to the extent of such legal exemption. Notwithstanding any provisions herein, no occupied Living Units shall be exempt from said assessments, charges or liens.

ARTICLE VI

COMMON OPEN SPACE

SECTION 1. OBLIGATIONS OF THE ASSOCIATION. The Association shall be responsible for maintaining the S & E Common Open Space and for paying the taxes assessed and levied against Common Open Space Improvements as provided in the S & E Deed.

SECTION 2. USE OF COMMON OPEN SPACE. The Members shall have the right to use the Common Open Space in common with The Trustees of Princeton University, its successors and assigns, and other parties entitled to the use thereof, subject, however, to the right of The Trustees of Princeton University to exercise control thereof as provided in the S & E Deed, and subject further to the provisions of the Declaration of Common Open Space.

SECTION 3. SUMS PAYABLE TO THE TRUSTEES OF PRINCETON UNIVERSITY. Developer for each Lot owned by the Developer hereby covenants, and each Owner of any Lot by the Acceptance of a deed therefor, whether or not it shall be so expressed in such deed, including any purchaser at a judicial sale or heir or devisee of a deceased Owner, shall be deemed to covenant and agree to reimburse The Trustees of Princeton University for their respective pro rata shares of expenses incurred by The Trustees of Princeton University in maintaining the S & E Common Open Space and in paying the taxes assessed and levied against the Common Open Space Improvements, as provided in the S & E Deed.

SECTION 4. EFFECT OF NONPAYMENT OF ASSESSMENTS FOR COMMON OPEN SPACE; REMEDIES OF THE TRUSTEES OF PRINCETON UNIVERSITY. In the event the Association is unable or unwilling to collect the portion of any General Assessment for the maintenance of the S & E Common Open Space or the payment of taxes assessed and levied against the Common Open Space Improvements, then The Trustees of Princeton University, after making a request in writing and giving the Association thirty (30) days to commence an appropriate proceeding, shall be entitled to collect said portion against each Lot and Owner directly, and shall be entitled to all of the remedies which the Association would have been entitled in collecting the same.

ARTICLE VII

USE OF PROPERTY

SECTION 1. PROTECTIVE COVENANTS.

(a) *Nuisances.* No nuisance shall be permitted to exist or operate upon any property so as to jeopardize property values or be detrimental to the well-being Members.

(b) *Restriction on Further Subdivision.* No Lot upon which a Living Unit has been constructed shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest herein, shall be conveyed or transferred by an Owner, provided that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments and provided that this shall not prohibit the division or combination of condominium units in accordance with law.

(c) *Conditions for Architectural Control.* No improvements, alterations, repairs, change of paint colors, excavations, changes in grade or other work which in any way alters the exterior of any Lot or Common Area or the improvements located thereon from its natural or improved state, existing on the date such property was first made subject to this Declaration shall be made or done without the prior approval of the Covenants Committee. No building, fence, wall, residence or other structure shall be commenced, erected, improved, altered made or done on such property without the prior written approval of the Covenants Committee.

(d) *Leasing.* No Living Unit shall be rented for transient or hotel purposes or in any event for an initial period of less than twelve months. No portion less than all of any Living Unit shall be leased for any period. No Owner shall lease a Living Unit other than on a written form of lease requiring the lessee to comply with the Governing Documents, and providing that failure to comply constitutes a default under the lease. The Board of Directors may provide a suggested standard lease form for use by Owners. Each Owner of a Living Unit shall, promptly following the execution of any lease of a Living Unit, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this subparagraph, except the restriction against use for hotel or transient purposes, shall not apply to the Declarant, or to a Mortgagee in possession of a Unit as a result of a foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure.

(e) *Rules.* From time to time the Board of Directors shall adopt general rules, including but not limited to, rules to regulate potential problems relating to the use of property and the well-being of Members, such as keeping of animals, storage and use of all vehicles, storage and use of machinery, use of outdoor drying lines, antennas, signs, trash and trash containers, maintenance and removal of vegetation on The Properties. No later than one (1) year after conveyance of the first Lot to an Owner who is not the Developer, such general rules may only be adopted or amended by a two-thirds vote of the Board, following a hearing for which due Notice has been provided to all Members. All such general rules and any subsequent amendments thereto shall be placed in the Book of Resolutions and shall be binding on all Members, except where expressly provided otherwise in such rule.

(f) *Exceptions.* The Board of Directors may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Developer is engaged in developing or improving any portion of the Properties, it shall be exempted from rules affecting movement, disposition and storage of building materials and equipment, erection and maintenance of directional and promotional signs and conduct of sales and activities, including

maintenance of model Living Units. Such exemption shall be subject to such rules as may be established by the Developer to maintain reasonable standards of safety, cleanliness and general appearance of The Properties.

SECTION 2. MAINTENANCE OF PROPERTY.

(a) *Owner Obligation.* To the extent that exterior maintenance by the association is not provided for in a Supplementary Declaration, each Owner shall keep all Lots owned by him, and all improvements therein and thereon, in good order and repair and free of debris including, but not limited to, the seeding, watering, and mowing of all lawns, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and other improvements, all in a manner and with frequency as is consistent with good property management.

(b) *Failure to Maintain.* In the event an Owner of any Lot in The Properties fails to maintain the premise and the improvements situated thereon as provided herein, the Association, after Notice to the Owner and approval by a two thirds (2/3) vote of the Board of Directors, shall have the right to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. All costs related to such correction, repair or restoration shall become a Special Restoration Assessment upon such Lot and as such shall be regarded as any other assessment with respect to lien rights of the Association and remedies provided for non-payment.

SECTION 3. RESALE OF LOTS.

(a) *Reference to Declaration.* The deed or instrument transferring title to any Lot shall contain a provision incorporating by reference the covenants and restrictions set forth in this Declaration as well as any applicable Supplementary Declaration.

(b) *Notification.* The Contract Seller of a Lot or Living Unit shall notify the Board of Directors as to his intent to sell the Lot or Living Unit so that an Estoppel Certificate may be prepared.

(c) *Estoppel Certificate.* Within ten (10) days of the receipt of such notification, the Board shall prepare an estoppel certificate which shall set forth any assessments and charges due upon such Lot at time of conveyance and certify as to whether or not there are violations of the Governing Documents remaining on the Lot as of the date of preparation of such certificate. This certificate shall be delivered to the place designated by Seller. Outstanding assessments, if any, and a reasonable charge to cover the cost of providing such certificate shall be transmitted directly to the Association by the closing attorney. Any information contained in said estoppel certificate shall be binding and conclusive on the Association and third persons shall be able to rely on same.

ARTICLE VIII

EASEMENTS

SECTION 1. UTILITY EASEMENTS. There is hereby created an easement upon, across, over, through and under The Properties for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems including, but not limited to, water, sewers, gas, telephones, electricity, television, or communication lines and systems. By virtue of this easement it shall be expressly permissible for the Developer or the providing utility or service company to install and maintain facilities and equipment on said property, to excavate for such purposes and to affix and maintain wire circuits and conduits on, in, and under the roofs and exterior walls of Living Units provided that such company restores disturbed areas to the condition in which they were found.

Notwithstanding anything to the contrary contained in this paragraph: (1) no sewers, electrical lines, water lines or other utility service lines or facilities for such utilities may be installed or relocated on said premises except as approved by the Developer, prior to the conveyance of the first Lot in a Parcel to an Owner, or by the Association thereafter, and (2) it shall not be construed to apply to the relocation, installation, or removal of utility lines within a Living Unit which serve only that Unit. This easement shall in no way effect any other recorded easements on said premises.

SECTION 2. DEVELOPER'S EASEMENT TO CORRECT DRAINAGE. For a period of two years from the date of conveyance of each Lot, the Developer reserves an easement and right on, over and under the ground with that Lot to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes, or shrubbery, make any gradings of the soil or to take any other similar action reasonably necessary, following which the Developer shall restore the affected property to its original condition as near as practicable. The Developer shall give timely notice of intent to take such action to all effected Owners, unless in the opinion of the Developer an emergency exists which precludes such notice.

SECTION 3. CONSTRUCTION EASEMENTS AND RIGHTS. Notwithstanding any provision of this Declaration or of any Supplementary Declaration, so long as the Developer is engaged in developing or improving any portion of the Properties, such persons shall have an easement of ingress, egress and use over any lands not conveyed to an Owner for occupancy for (1) movement and storage of building materials and equipment. (2) erection and maintenance of directional and promotional signs, and (3) conduct of sales activities, including maintenance of model Living Units. Such easement shall be subject to such rules as may be established by the Developer to maintain reasonable standards of safety, cleanliness and general appearance of The Properties.

SECTION 4. EASEMENT TO INSPECT AND CORRECT VIOLATIONS. There is hereby created an easement in favor of the Association for ingress and egress on any Lot during reasonable hours (a) to inspect such property for alleged violations of the Governing Documents, and/or compliance with architectural standards and/or approved plans for alterations and improvements, provided the Owner of such Lot is given written notice of the purpose and time of inspection at least three (3) days in advance thereof, and (b) performing such correction of violations or such maintenance as required by the Supplementary Declaration on such Lots.

SECTION 5. EASEMENT FOR GOVERNMENTAL PERSONNEL. A right of entry on any Lot or Common Area is hereby granted to law enforcement officers, fire and rescue and local animal control personnel as needed to carry out their duties, including enforcement of cleared emergency vehicle access zones.

ARTICLE IX

RIGHTS OF INSTITUTIONAL LENDERS AND FEDERAL AGENCIES

SECTION 1. CONSENTS. The Association shall not, without the prior written consent of the Lead Lender and two-thirds of the other First Mortgagees:

(a) Amend any provisions of the Declaration or any Supplementary Declaration which relate to the basis for assessments.

(b) Mortgage, petition, subdivide, transfer or otherwise dispose of any Common Area or improvements thereon.

The Association shall provide such notice to and obtain such Approvals from Institutional Lenders as are required by the Management Standards Agreement, Exhibit D, as same may be from time to time amended.

SECTION 2. APPROVALS. As long as the Developer has Class C membership rights, the following actions require the prior Approval of the Federal Mortgage Agencies should they have an interest in The Properties: annexation of additional properties, dedication of the Common Area, mergers and consolidations, mortgaging of the Common Area, amendment of this Declaration, any Supplementary Declaration or of the Development Plan.

Prior Approval of the Lead Lender, without regard to the status of Class C Membership, is required for annexation of additional properties, dedication of the Common Area, mergers and consolidations, mortgaging of the Common Area, and amendment or termination of this Declaration or any Supplementary Declaration.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. DURATION. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty-five (25) years, unless at the expiration of any such period the covenants and restrictions are expressly terminated by an instrument signed by the Owners of not less than seventy-five (75) percent of the Lots. A termination must be Approved by Plainsboro Township and The Trustees of Princeton University and be recorded in order to become effective.

Anything herein to the contrary notwithstanding the Association shall be dissolved or dispose of the Common Area without first offering to dedicate same to the Township of Plainsboro.

SECTION 2. AMENDMENT. For a period of one (1) year after the recording of this Declaration, the Developer may make any amendment, including those required by the Federal Mortgage Agencies, Plainsboro Township, Princeton University or the title insurer designated by the Developer, by the execution and recordation of such amendment, following Registered Notice to all Owners. After such one (1) year period, or if any amendment which is not required by such agencies, is necessary, then any such amendment shall be accompanied by a document signed by Owners of not less than ninety (90) percent of the Lots and evidence of the Approvals required by ARTICLE IX. An amendment must be recorded in order to become effective.

SECTION 3. ENFORCEMENT. The Association, any Owner, Occupant or First Mortgagee, as their interests may appear, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration and of Supplementary Declarations. Failure to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 4. CERTAIN RIGHTS OF THE DEVELOPER. For such time as the Developer shall own Lots, its rights and interests shall not be prejudiced by any of the following actions unless it shall, in writing, join in such actions:

There shall be no amendments to the Founding Documents which:

- (a) Discriminate or tend to discriminate against its rights as an Owner.
- (b) Changes Article 1, DEFINITIONS, in a manner which alters its rights or status.
- (c) Alters its rights under Article II as regards annexation of additional properties.
- (d) Alters the character and rights of membership or the rights of the Developer as set forth in Article III.
- (e) Alters previously recorded written agreements with public or quasi-public agencies as regards easements and rights of way.
- (f) Denies the right to convey Common Areas to the Association so long as such Common Areas lie within the land area represented in the Development Plan.
- (g) Alters its rights as set forth in Article VII relating to design controls.
- (h) Alters the basis for assessments.
- (i) Alters the provisions of the protective covenants as set forth in Article VII.
- (j) Alters the Developer's rights as they appear under this Article.

SECTION 3. LIMITATIONS. As long as the Developer has an interest in developing the Properties as defined in Article I hereof, the association may not use its financial resources to defray any costs of opposing the development activities so long as they remain consistent with the general intents of the Development Plan. Nothing in this Section shall be construed to limit the rights of the members to act as individuals or in affiliation with other members or groups.

SECTION 6. SEVERABILITY. Invalidation of any one of those covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 7. CONFLICT. In the event of conflict among the Governing Documents, this Declaration shall control, then Supplementary Declarations, then the Articles of Incorporation of the Association, then the Bylaws, then the Book of Resolutions; except that in all cases where the Governing Documents may be found to be in conflict with statute, the statute shall control.

SECTION 8. INTERPRETATION. Unless the context otherwise requires the use herein, the singular shall include the plural and vice versa; the use of one gender shall include all genders; and the use of the term "including" shall mean "including, without limitation." The headings used herein are for indexing purposes only and shall not be used as a means of interpreting or construing the substantive provisions thereof.

IN WITNESS WHEREOF, the Developer, Sarshik and Edwards, a New Jersey partnership, and Forrestal Village, Inc., a New Jersey Corporation, has caused these presents to be duly executed by its partners and proper officers, respectively, this sixth day of November, 1979.

WITNESS: SARSHIK AND EDWARDS

s/ Frances Sarshik BY: s/ Harold D. Sarshik, Partner

ATTEST: FORRESTAL VILLAGE, INC.

s/ Frances Sarshik, Secretary BY: s/ Harold D. Sarshik, President

WITNESS: FORRESTAL APARTMENTS COMPANY

s/ Frances Sarshik BY: s/ Harold D. Sarshik, Sole General Partner

Prepared by: Richard Schatzman,
Attorney-at-Law of New Jersey

STATE OF NEW JERSEY)
COUNTY OF CAMDEN)

BE IT REMEMBERED, that on this 31st day of December, 1979, before me, the subscriber, a Notary of the State of New Jersey, personally appeared HAROLD D. SARSHIK, who, I am satisfied is a partner of Sarshik and Edwards, a partnership, and who, I am satisfied is the person named in and who executed the foregoing instrument and I having first made known to him the contents thereof, he acknowledged that he signed, sealed and delivered the same as his voluntary act and deed and as the voluntary act and deed of the partnership.

s/ Ruth Pastor
Notary Public of New Jersey
My Commission Expires Sep 2, 1980

STATE OF NEW JERSEY)
COUNTY OF CAMDEN)

BE IT REMEMBERED, that on this 31st day of December, 1979, before me, the subscriber, a Notary of the State of New Jersey, personally appeared HAROLD D. SARSHIK, who, I am satisfied is the President of Forrestal Village, Inc., the corporation named in and which executed the foregoing instrument, and is the person who signed said instrument as said officer for and on behalf of said corporation and sealed with its corporate seal as the voluntary act and deed of said corporation by virtue of authority from its Board of Directors.

s/ Ruth Pastor
Notary Public of New Jersey
My Commission Expires Sep 2, 1980

STATE OF NEW JERSEY)
COUNTY OF CAMDEN)

BE IT REMEMBERED, that on this 31st day of December, 1979, before me, the subscriber, a Notary of the State of New Jersey, personally appeared HAROLD D. SARSHIK, who, I am satisfied is the Sole General Partner of Forrestal Apartments Company, a limited partnership, and who, I am satisfied is the person named in and who executed the foregoing instrument and I having first made known to him the contents thereof, he acknowledged that he signed, sealed and delivered the same as his voluntary act and deed and as the voluntary act and deed of the partnership.

s/ Ruth Pastor
Notary Public of New Jersey
My Commission Expires Sep 2, 1980

DECLARATION

EXHIBIT A

LEGAL DESCRIPTION OF PARCEL

ALL THAT CERTAIN tract or parcel of ground situate in Plainsboro Township, Middlesex County, New Jersey, bounded and described as follows, to wit:

BEGINNING at a point corner to Lot 1.02 and 1.03 as shown on the Tax Map of Plainsboro Township in the westerly line of Lot 1.01 as shown on said Tax Map and running, thence;

- (1) Along Lot 1.01, South seventeen degrees thirty-eight minutes thirty-two seconds West (S17o 38' 32" W) six hundred and no hundredths (600.00) feet to a point corner to Lot 1.08 as shown on said Tax Map, thence;
- (2) Along Lot 1.08, the following three (3) courses: North seventy-two degrees twenty-one minutes twenty eight seconds West (N 72o 21' 28" W) seventy-one and sixteen hundredths (71.16) feet to a point, thence;
- (3) South eighty-nine degrees forty-five minutes fourteen seconds West (89o 45' 14" W) two hundred ninety-three and no hundredths (293.00) feet to a point, thence;
- (4) North seventy-two degrees twenty-one minutes twenty-eight seconds West (N 72o 21' 28" W) one hundred eighty and no hundredths (180.00) feet to a point in the easterly line of Road "B",. thence;
- (5) Along Road "B", the following two (2) courses: North seventeen degrees thirty-eight minutes thirty-two seconds East (N 17o 38' 32" E) two hundred seventy and no hundredths (270.00) feet to a point of curve, thence;
- (6) Northerly along a curve to the left having a radius of four hundred sixty-five and no hundredths (465.00) feet an arc length of one hundred eighty-nine and forty-seven hundredths (189.47) feet to a point in line of Lot 1.05 as shown on said Tax Map, thence:
- (7) Along Lot 1.05, the following two (2), courses: North eighty-four degrees seventeen minutes forty-eight seconds East (N 84o 17' 48" E) one hundred thirty-four and four hundredths (134.04) feet to a point, thence;
- (8) North seventeen degrees thirty eight minutes thirty-two seconds East (N 17o 38' 32" E) three hundred twenty seven and sixty-one hundredths (327.61) feet to a point in line of Lot 1.03, thence;
- (9) Along Lot 1.03, the following three (3) courses: South seventy-two degrees twenty-one minutes twenty-eight seconds East (S 72o 21' 28" E) three hundred ten and no hundredths (310.00) feet to a point, thence;
- (10) South seventeen degrees thirty-eight minutes thirty-two seconds West (S 17o 38' 32" W) one hundred forty-five and no hundredths (145.00) feet to a point, thence,
- (11) South seventy-two degrees twenty-one minutes twenty-eight seconds East (S 72o 21' 28" E) one hundred thirty-five and no hundredths (135.00) feet to the point and place of BEGINNING.

Containing 8.660 acres.

BEING Lot 1.02 Block 3 as shown on the Tax Map of Plainsboro Township.

All as shown on a plan entitled, "Final Subdivision Plan Forrestal Village, Plainsboro Twp., Middlesex Co., N. J., Scale as Shown, June 1, 1977". Revised June 21, 1977, prepared by Van Note-Harvey Associates. Consulting Engineers, Planners and Land Surveyors. Princeton Research Park, Princeton, New Jersey 08540.

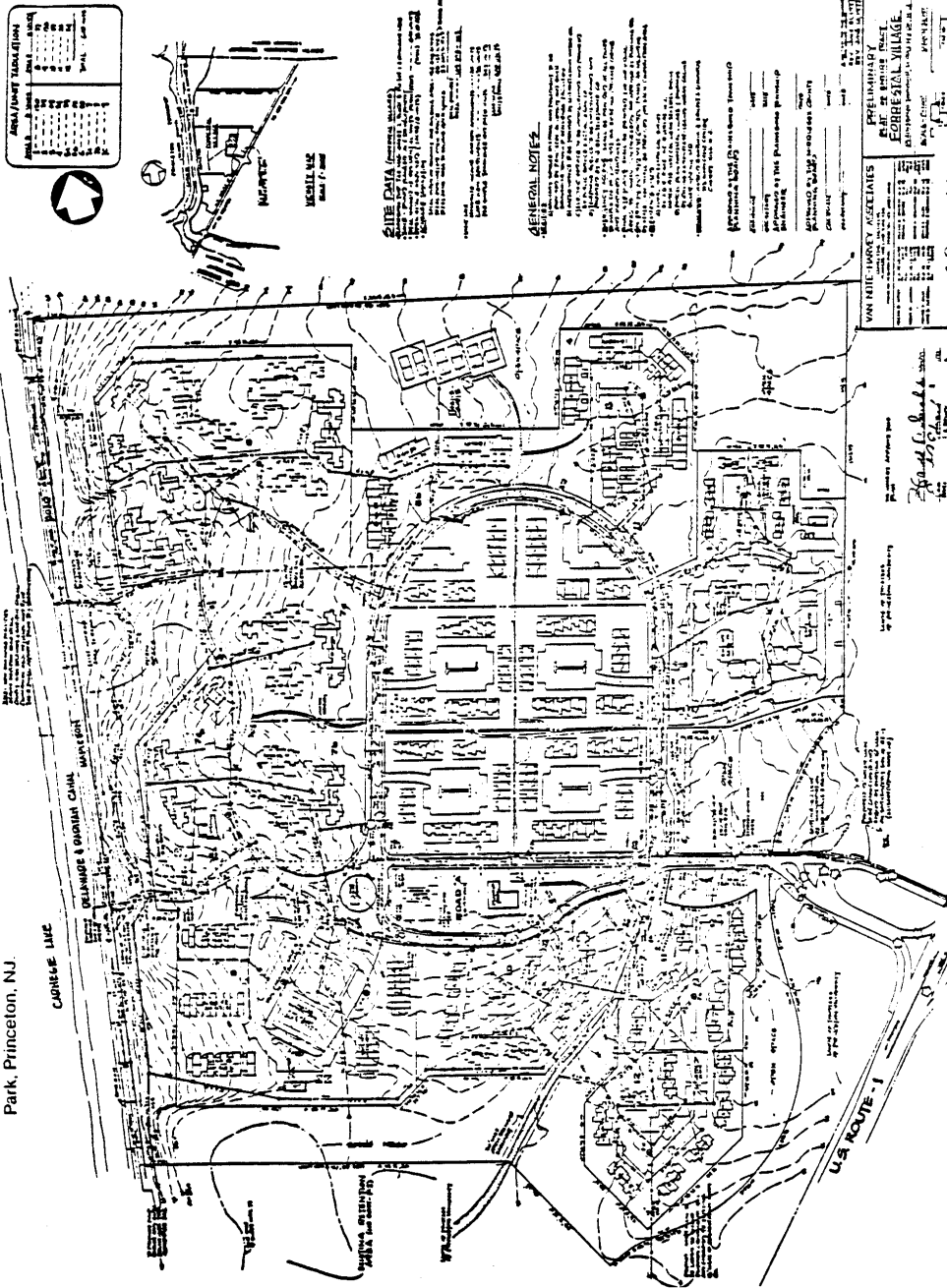
Said plan filed in the Middlesex County Clerk's Office 8/31/77 as Map No. 3981 File No. 963.

According to a description by Van Note-Harvey Associates, Princeton, New Jersey 08540.

The mentioning and describing in the herein above description of the street or road, namely Road "B", is not in any way to dedicate same to the Township of Plainsboro in the County of Middlesex, a municipal corporation of the State of New Jersey, for public use as roadway or other public purposes.

Recorded on February 7, 1980 at 8:33 AM
in Book 3131, Page 108 at
Middlesex County Court House,
New Brunswick, NJ

**DEVELOPMENT PLAN
DECLARATION OF COVENANTS AND RESTRICTIONS**
All as shown on the plan entitled, "Preliminary plat of entire tract, Forrestal Village, Plainsboro Township, Middlesex
County, N.J. March 24, 1977. Revised June 21, 1977. prepared by Van-Note-Harvey Associates, Princeton Research
Park, Princeton, N.J.



AREA/UNIT TABULATION

AREA	UNIT	AREA	UNIT
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5
6	6	6	6
7	7	7	7
8	8	8	8
9	9	9	9
10	10	10	10
11	11	11	11
12	12	12	12
13	13	13	13
14	14	14	14
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29	29	29	29
30	30	30	30
31	31	31	31
32	32	32	32
33	33	33	33
34	34	34	34
35	35	35	35
36	36	36	36
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**DECLARATION
EXHIBIT "B"**

SITE DATA
The site is located in the Township of Plainsboro, Middlesex County, New Jersey, and is bounded by the following:

GENERAL NOTES
1. The site is shown on the attached site plan and is bounded by the following:

PRELIMINARY DECLARATION OF COVENANTS AND RESTRICTIONS
This declaration is made by the undersigned, who is the owner of the property described herein, and is intended to bind the property and its successors to the covenants and restrictions hereinafter set forth.

PRELIMINARY DECLARATION OF COVENANTS AND RESTRICTIONS FOR FORRESTAL VILLAGE
This declaration is made by the undersigned, who is the owner of the property described herein, and is intended to bind the property and its successors to the covenants and restrictions hereinafter set forth.

Recorded on February 7, 1980 at 8:33 AM
in Book 3131, Page 109 at
Middlesex County Court House,
New Brunswick, NJ

DECLARATION

EXHIBIT C

COMMON AREA

ALL THAT CERTAIN tract or parcel of ground situate in Plainsboro Township, Middlesex County, New Jersey, bounded and described as follows, to wit:

BEGINNING at a point being common corner to Lot 1.08 and Lot 1.02 as shown on the Tax Map of Plainsboro Township in the easterly line of Road "B" and running, thence;

(1) Along Lot 1.08, the following four (4) courses: South seventeen degrees thirty-eight minutes thirty-two seconds West (S 17o 38' 32" W) one hundred sixty-six and thirty-nine hundredths (166.39) feet to a point, thence;

(2) South seven degrees twenty-one minutes twenty-eight seconds East (S 17o 21' 28" E) fifty-nine and sixteen hundredths (59.16) feet to a point, thence;

(3) South seventeen degrees thirty-eight minutes thirty-two seconds West (S 17o 38' 32" W) one hundred sixty and no hundredths (160.00) feet to A point, thence;

(4) South twenty-eight degrees thirty-one minutes forty-eight seconds West (S 28o 31' 48" W) (said bearing inadvertently omitted on the hereinafter referenced Plan) five and nine hundredths (5.09) feet to a point, thence;

(5) South seven-two degrees twenty-one minutes twenty-eight seconds East (S 72o 21' 28" E) one hundred seventy five and ninety-five hundredths (175.95) feet to a point corner to lands of State of New Jersey (Forrestal Turnaround), thence;

(6) Along lands of State of New Jersey, South seventeen degrees thirty-eight minutes eight seconds West (S 17o 38' 08" W) fifty and no hundredths (50.00) feet to a point in line of Lot 1.03 as shown on said Tax Map, thence;

(7) Along said Lot 1.03 and Lot 1.05 as shown on said Tax Map North seventy-two degrees twenty-one minutes twenty-eight seconds West (N 72o 21' 28" W) one hundred eighty-seven and thirty-eight hundredths (187.38) feet to a point of curve, thence;

(8) Along Lot 1.05, the following eight (8) courses: Westerly along a curve to the left having a radius of one hundred twenty (120) feet an arc length of forty-nine and thirty-four hundredths (49.34) feet to a point, thence;

(9) North forty-two degrees twenty-one minutes twenty-eight seconds West (N 42o 21' 28" W) forty (40) feet to a point, thence;

(10) North seventy-two degrees twenty-one minutes twenty-eight seconds West (N 72o 21' 28" W) fifteen and no hundredths (15.00) feet to a point, thence;

(11) North seventeen degrees thirty-eight minutes thirty-two seconds East (N 17o 38' 32" E) forty and no hundredths (40.00) feet to a point, thence;

(12) North easterly along a curve to the left having a radius of twenty-five (25) feet an arc length of thirty-nine and twenty-seven hundredths (39.27) feet to a point, thence;

(13) North seventeen degrees thirty-eight minutes thirty-two seconds East (N 17o 38' 32" E) six hundred thirty and no hundredths (630.00) feet to a point of curve, thence;

(14) Northerly along a curve to the left having a radius of four hundred five and no hundredths (405.00) feet an arc length of one hundred sixty-five and two hundredths (165.02) feet to a point, thence;

(15) North eighty-four degrees seventeen minutes forty-eight seconds East (N 84o 17' 48" E) sixty and no hundredths (60.00) feet to a point corner to Lot 1.02, thence;

(16) Along Lot 1.02, the following two (2) courses: Southerly along a curve to the right having a radius of four hundred sixty-five and no hundredths (465.00) feet an arc length of one hundred eight-nine and forty-seven hundredths (189.47) feet to a point of tangency, thence;

(17) South seventeen degrees thirty-eight minutes thirty-two seconds West (S 17o 38' 32" W) two hundred seventy and no hundredths (270.00) feet to the point and place of BEGINNING.

Containing 1.588 acres.

BEING Road "A" and Road "B" as shown on the hereinafter referenced Plan.

All as shown on a plan entitled, "Final Subdivision Plan Forrestal Village, Plainsboro Twp., Middlesex Co., N. J., Scale As Shown, June 1. 1977". Revised June 21. 1977, prepared by Van Note-Harvey Associates, Consulting Engineers, Planners and Land Surveyors, Princeton Research Park, Princeton, New Jersey 08540.

Said plan being filed in the Middlesex County Clerk's Office, 8/31/77, as Map No. 3981 File No. 963.

According to a description by Van Note-Harvey Associates, Princeton, New Jersey 08540, Being known as Lot 1.09, Block 3 on the Plainsboro Township Tax and Assessment Map

AND ALSO BEGINNING at a point in a curve in the westerly line of Sayre Drive said point bearing in a northerly direction along the various courses of said westerly line a total distance of seven hundred ninety five and two hundredths (795.02) feet from a point being the northerly terminus of a transition curve having a radius of twenty five and no hundredths (25.00) feet, connecting the said westerly line of Sayre Drive with the northerly line of Forrestal Drive (road A) and running, thence;

(1) North westerly along said westerly line of Sayre Drive and the southerly line of Sayre Drive along a curve bearing to the left having a radius of four hundred five and no hundredths (405.00) feet, an arc distance of four hundred seventy one and fifteen hundredths (471.15) feet to a point, thence;

(2) Crossing Sayre Drive North seventeen degrees thirty eight minutes thirty two seconds East (N 17o 38' 32" E) sixty and no hundredths (60.00) feet to a point in a curve in the northerly line of Sayre Drive, thence;

(3) South easterly along said northerly and the easterly line of Sayre Drive along a curve bearing to the right having a radius of four hundred sixty five and no hundredths (465.00) feet, an arc distance of five hundred forty and ninety five hundredths (540.95) feet to a point. Thence;

(4) Crossing Sayre Drive South eighty four degrees seventeen minutes forty-eight seconds West (S 84o 17' 48" W) sixty and no hundredths (60.00) feet to the point and place of BEGINNING.

Containing 0.697 acres.

Being shown on a plan entitled, "Final Subdivision Plan Forrestal Village, Plainsboro Township, Middlesex County, New Jersey. Scale - 1" = 200', May 22,1978. Sheet 1 of 4.

Prepared by Van-Note Harvey Associates, Engineers, Planners and Land Surveyors, Princeton Research Park, Princeton, New Jersey.

According to a description by Van Note-Harvey Associates, 1101 State Road, Building N, Princeton, New Jersey 08540.

Together with the irrevocable, free and uninterrupted right, liberty, privilege and easement to use with others as a means of ingress and egress to and from the above premises the joining roadways known as Sayre Drive and Forrestal Drive, Being known as Lot 1.10, Block 3 on the Plainsboro Township Tax and Assessment Map.

The mentioning and describing in the herein above description of the streets or roads, namely Road "A" - Forrestal Drive and Road "B" - Sayre Drive, is not in any way to dedicate same to the Township of Plainsboro, in the County of Middlesex, a municipal corporation of the State of New Jersey, for public use as a roadway or other public purposes.

Recorded on February 7, 1980 at 8:33 AM
in Book 3131, Pages 110 + 111 at
Middlesex County Court House,
New Brunswick, NJ

FORRESTAL VILLAGE COMMUNITY SERVICES ASSOCIATION, INC.

EXHIBIT "D" TO DECLARATION OF COVENANTS AND RESTRICTIONS

MANAGEMENT STANDARDS AGREEMENT

Forrestal Village Community Services Association, Inc. ("Association") is a community association responsible for the management and administration of the community known as Forrestal Village. Pursuant to the Forrestal Village Declaration of Covenants and Restrictions ("Declaration"), the Board of Directors ("Board") is authorized to exercise all powers provided by law and the Founding Documents to conduct the affairs of the Association. The Association, acting through the Board, is authorized to employ personnel and independent contractors; retain professionals such as certified public accountants, attorneys, and engineers; and contract with a professional management company ("Management") to assist in carrying out the Association's responsibilities as provided in the Declaration. The Board, and Management retained by the Board, shall be obligated to exercise these powers in compliance with the provisions of this Management Standards Agreement ("Agreement"). For purposes of this Agreement, the person or entity charged with carrying out the obligations and duties described in this Agreement shall be designated the "Manager". In the event the Association assigns a portion of such obligations and duties to Management, the Association and Management shall be designated as the Manager with respect to their respective duties and obligations. The provisions of this Agreement which require Board approval of actions by the Manager, shall not apply to the Board when the Board is acting as Manager.

I. DEFINITIONS

The terms in this Agreement shall be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms in this Agreement shall have the same meaning as set forth in the Declaration, unless otherwise indicated.

II. MANAGEMENT

In the event the Board elects to contract with Management to assist with the management, administration, and operation of the Association, the Board shall make a reasonable effort to determine that such Management is qualified to provide management services to common interest residential communities such as Forrestal Village. Things that may be considered in making this determination may include, but are not limited to, the quality and length of service provided by Management to other common interest residential communities, Management's background and experience in managing other common interest residential communities, recommendations from other common interest residential communities, and evaluation of the services and personnel to be provided by Management. The Board may designate Management as an agent for the Association. The term of any Management contract shall be for not more than three (3) years and shall be terminable upon no more than ninety (90) days notice. The contract may be renewed with the same Management. It may also be extended in one (1) year increments at the discretion of the Board.

III. PERSONNEL

A. Employees. All personnel involved in the management and operation of the Association shall either be employees of the Manager or independent contractors. The Manager shall have the authority to (1) select, hire, promote, supervise, direct, train and discharge all employees engaged in the operation and management of the Association; (2) fix compensation for all employees engaged in operation and management of the Association; and (3) generally establish and maintain all policies relating to employment and compensation. All customary costs and expenses incident to the employment of employees shall be the Manager's expense, including without limitation payroll taxes, workers' compensation insurance, liability and health insurance. The Manager shall be responsible for the payment of all expenses to its employees.

B. Contractors. The Manager shall have the authority to engage contractors to perform services for the Association. The Manager shall make a good faith effort to investigate the qualifications of all contractors, verify that such contractors are licensed and carry appropriate insurance, and shall be responsible for supervising, contracting with, paying and terminating independent contractors.

C. Supervision. The Manager shall have the sole right and responsibility to oversee, supervise, and direct its employees and independent contractors.

IV. FISCAL MANAGEMENT OF THE ASSOCIATION

The Manager shall perform the following services with regard to the fiscal management of the Association:

A. Operating Accounts. The Manager shall establish and maintain operating accounts which are insured by the Federal Deposit Insurance Corporation. The Manager shall promptly cause the deposit of funds collected or received on behalf of the Association into the operating accounts. The Manager shall have the authority to draw from the operating accounts to pay or discharge any liabilities or obligations incurred by or on behalf of the Association and for any other disbursements incurred on the Association's behalf so long as such disbursements, liabilities, and obligations are within the scope of the budget approved by the Board. The Manager shall ensure that all funds collected on behalf of the Association are maintained separately from, and not commingled with, funds of any other person or entity.

B. Reserve Accounts. The Manager shall establish and maintain separate reserve accounts on behalf of the Association. These reserve accounts shall include "Capital Replacement Reserve", "Deferred Maintenance Reserve", and "Operating Reserve". The Manager shall promptly cause appropriate funds to be collected and deposited in such reserve accounts. The Manager may invest and oversee the investment of the reserve accounts, but shall not expend reserve funds except in accordance with the approved budget or by direction from the Board. The reserve accounts shall be established and maintained as follows:

1. Capital Replacement Reserve:

- a. The annual contribution to the Capital Replacement Reserve shall be determined each year during development and approval of the operating budget for the following year. The contribution will take into account the existing Capital Replacement Reserve balance and anticipated expenditures during the coming years for the replacement of capital improvements, according to a Schedule of Reserves for Replacement of Capital Items approved by the Board from time to time, and for other capital remediation.
- b. The annual contribution must be sufficient to assure that the Capital Replacement Reserve balance remains at or above a minimum threshold amount established by the Board from time to time.
- c. The Board may engage an engineer to assist in determining the appropriate items to be included in the Schedule of Reserves for Replacement of Capital Items, along with the condition of each item, its estimated replacement cost and its estimated remaining useful life.

2. Deferred Maintenance Reserve:

- a. The annual contribution to the Deferred Maintenance Reserve shall be determined each year during development and approval of the operating budget for the following year. The contribution will take into account the existing Deferred Maintenance Reserve balance, the number of years remaining before periodic maintenance will be needed, and the estimated cost of such maintenance.
- b. Deferred maintenance items shall be limited to those items which require repetitive periodic maintenance, such as painting, staining and wood replacement, but which fail to qualify as items to be included in the Capital Replacement Reserve.
- c. The Board of Directors may engage an engineer to assist in determining the appropriate items to be included as Deferred Maintenance items, along with the estimated costs associated with such items.

3. Operating Reserve:

- a. The annual contribution to the Operating Reserve shall be equivalent to three percent (3%) of operating income for the year.
- b. Operating income excludes contributions to the Deferred Maintenance Reserve and the Capital Replacement Reserve.

4. Withdrawals from Reserve Accounts:

- a. Withdrawals from any Reserve Account shall be authorized by a majority vote of the Board of Directors.
- b. Withdrawals from the Capital Replacement Reserve down to the minimum threshold may only be used for restoration, repair and replacement of existing capital improvements and for other capital remediation, not for new facilities or additions or improvements to existing facilities or property. The threshold amount is to be used only for emergency replacement of capital improvements.
- c. Withdrawals from the Deferred Maintenance Reserve may only be used for painting, staining, wood replacement and other cyclical maintenance projects which are performed to maintain the appearance and integrity of the community.
- d. Withdrawals from the Operating Reserve may only be used for unanticipated major expenditures, uninsured casualty losses and single-year budget overruns caused by unforeseen and unanticipated events. Operating Reserve amounts in excess of a minimum threshold established by the Board from time to time may be transferred to other accounts with the approval of the Board.
- e. The Board of Directors may borrow against the Reserve Accounts for current operations, providing such loans are repaid to the Reserve Account within two (2) years.

C. Collection of Assessments and Fees:

1. The Manager shall prepare invoices, bill and collect all assessments and fees levied by the Association. The Manager shall maintain accurate and up-to-date records for the Association's operations and for each Assessable Unit on which are posted all debits and credits, including monthly computations of late charges on delinquent accounts.
2. The Manager shall take such actions as may be required to collect all Association assessments and other fees levied by the Association against Assessable Units in accordance with Association policies. In accordance with Association policies, the Manager may cause the record ownership of Assessable Units to be researched, liens to be prepared and recorded against the Assessable Units, and when appropriate, satisfactions of liens to be prepared and recorded. In accordance with Association policy, the Manager shall forward necessary documentation to the Association's attorney for legal collection and/or foreclosure action.

D. Disbursements.

1. The Manager shall see that all accounts payable and disbursements are made in the orderly course of business. The Manager shall have the power and authority to make all contracts, procure equipment and supplies, and make disbursements necessary to carry out the Association's responsibilities. Except in the case of an emergency, the Manager shall not make total expenditures in excess of the total operating budget and reserve funds authorized per reserve policies without the prior approval of the Board.

2. The Manager shall review all vendors' and contractors' invoices and charges to the Association to ensure accuracy and shall review compliance under all contracts for goods and services and procure back-up documentation as necessary to support all charges. The Manager shall code all charges by account to Association's general ledger and remit timely payment of all authorized and valid charges.

E. Employment Taxes. The Manager shall compile and pay from the Association's accounts all employment taxes and shall prepare and file all necessary forms for withholding taxes, social security taxes, unemployment insurance, and all other taxes, as well as other forms, federal, state, or county, relating to the employment of Association personnel.

F. Other Taxes. The Manager shall pay, prior to delinquency, in the name and for the account of the Association, in such installments as permitted by law, all real estate taxes, personal property taxes and assessments levied or assessed on or against the Association's property. Upon prior written notice to, and unless directed otherwise by, the Association, the Manager may in good faith at any time contest the validity of the amount of any such tax or assessment in the name of the Association. Any costs reasonably incurred in connection with such contest shall be expenses of the Association.

G. Budgets. The Manager shall provide to the Parcel Committees input on all known contracts, utility increases and related items to assist in the preparation of preliminary operating budgets and preliminary capital reserve budgets by the Parcel Committees for the Board's review and consideration; provided the Board shall prepare and adopt the final budgets pursuant to the Governing Documents.

H. Records and Books of Account. The Manager shall maintain, in accordance with generally accepted accounting principles, an accurate and complete set of accounting records, including records of receipts and disbursements of the Association arising from operation of the Association. The method of accounting shall be modified accrual or accrual basis.

I. Financial Statements and Reports. The Manager shall prepare financial statements and reports for the Association. At the end of each fiscal year, the Manager shall prepare a certified audited financial statement prepared on an accrual basis. The Manager shall also provide monthly financial reports to the Board which include, but are not limited to, a balance sheet, income statement (in actual-versus-budget form), a list of disbursements, and a list of delinquent accounts. The Manager shall prepare or cause to be prepared and provide all required federal income and other tax returns, which returns, after review by the Board, shall be filed by the Manager on behalf of the Association. The Manager shall be authorized to use the services of an independent accounting firm.

J. Controls. In order to maintain adequate financial control procedures, the Manager shall ensure that the person posting cash receipts shall not be the same as the one who deposits and/or receives cash.

K. Adverse Budget Trends. The Manager shall continually review receipts and expenditures and provide notice to the Board of actual or pending obligations which appear to represent an adverse trend relative to the adopted budget. Failure of the Manager to provide such notice shall not be construed as negligence on his part. However, this provision shall impose a standard of competency upon the Manager which, if not met, may be deemed a just cause for contract termination.

V. PROPERTY MANAGEMENT

The Manager shall be responsible for management, operation and maintenance of the Common Area, Parcel Common Area and all other properties which are the responsibility of the Association ("Common Areas"). In this regard, the Manager shall perform the following services on behalf of the Association:

A. Contracting for Services and Placing Orders; In addition to supervising employees in the performance of their duties, the Manager is authorized to retain and supervise, on behalf of the Association, any independent contractors that may be required for the proper maintenance and operation of the Common Areas. The Manager shall secure for and credit to the Association any discounts, commissions, or rebates obtainable as a result of any contracts or purchases, and obtain the best possible prices and terms.

B. Maintenance and Repairs. The Manager shall arrange for personnel to maintain and repair, and shall supervise the maintenance and repair of, all facilities and other improvements within the Common Areas and all personal property and equipment of the Association, with input from Parcel Committees as required by Board-approved Association policies. All such property and facilities shall be maintained, repaired and replaced in a manner consistent with the standards established by the Board. The Manager shall not make any structural changes or major alterations or additions to the improvements within the Common Areas, except as may be unavoidable in connection with emergency repairs required to avoid imminent danger to life or property, for the preservation of property, or to avoid suspension of necessary services to the Association and its property. Such emergency repairs shall not exceed \$5,000 without prior approval of the Board.

C. Inspection of Property. The Manager shall inspect the Association's property periodically and prepare reports as necessary, regarding its condition, including recommendations for repair, replacement and maintenance.

D. Landscaping and Maintenance. The Manager shall arrange for personnel to maintain, and shall supervise the maintenance of, all landscaping within the Common Areas in accordance with the standards established by the Board, and with input from the Landscape Committee regarding optional services and replacement plantings.

E. Authority to Purchase Materials and Supplies. The Manager shall have the authority to purchase equipment, tools, goods, supplies and materials as shall be reasonably necessary to its duties and responsibilities pursuant to this agreement. Except as otherwise provided herein, purchases shall be in the name of the Association and shall be an Association expense. All purchases made pursuant to this subparagraph shall be made on an "as needed" basis and shall be the property of the Association.

F. Commitment Authorizations. The Manager shall have the authority to commit Association funds up to \$1,000 for any single expenditure provided such commitment does not serve to obligate the Association for more than one (1) year and that it is within the budget authorization. All other expenditures shall require approval by the Board. Where practical, competitive bids will be obtained for items over \$2,000.

VI. INSURANCE

A. Location of Policies. The Association shall retain the original of all insurance policies whatsoever in a place of safekeeping such as a safe, a safety deposit box, or in Management's office.

B. Qualifications of Carrier.

1. The carrier issuing insurance shall have a financial rating by Bests' Insurance Reports of 7 or better or A or better. Additionally, the rating must represent a surplus at least equal to one hundred (100) percent of the insured value of personal and real property of the Association. In the event that the Lead Carrier does not meet the qualifications set forth above (except that the Lead Carrier must have a 7 or better Best rating in any event), reinsurance by a re-insurer with a rating equal to 9 or better shall be acceptable.
2. The carrier issuing Required Insurance must be specifically authorized by laws of and licensed by the State of New Jersey to transact such business as is required to provide the Required Insurance.
3. The policyholder's rating of the carrier issuing Required Insurance shall be A or better.

C. Policy Provision as to Coverage, Amounts and Endorsements.

1. Property Insurance - Association Buildings and Facilities: A policy of property insurance in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" exclusive of land, excavation and other items normally excluded from coverage) of the common facilities owned by the Association (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, and, if economically feasible, a "Demolition Endorsement" or its

equivalent, and an “Increased Cost of Construction Endorsement” or “Contingent Liability from Operation of Building Laws Endorsement” or the equivalent. The policy shall afford protection against at least the following:

- (a) Loss or damage by fire and other hazards covered by a Special Perils Property Endorsement, including but not limited to debris removal, vandalism, malicious mischief, windstorm and water damage.
- (b) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use; i.e. Boiler and Machinery.

2. Property Insurance - Units: A policy of property insurance in an amount equal the full replacement value (i.e., 100% of current “replacement cost” exclusive of land, excavation and other items normally excluded from coverage) of all of the Units, except those in Parcel II, with an “Agreed Amount Endorsement” or its equivalent, and, if economically feasible, a “Demolition Endorsement” or its equivalent, and an “Increased Cost of Construction Endorsement” or “Contingent Liability from Operation of Building Laws Endorsement” or the equivalent. The said insurance shall cover the interest of all unit owners, except those in Parcel II, and their mortgagees, as their respective interests may appear. Each of such policies shall contain a standard mortgage clause in favor of each mortgagee of a Unit, which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interests may appear. The policy shall afford protection against at least the following:

- (a) Loss or damage by fire and other hazards covered by a Special Perils Property Endorsement, including but not limited to debris removal, vandalism, malicious mischief, windstorm and water damage.
- (b) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

3. Public Liability Insurance: A comprehensive general liability insurance policy covering the Association and Owners, including but not limited to endorsements for Blanket Contractual, Broad Form Property Damage, Additional Interest of Employees, Auto and Watercraft Non-Ownership, Fire Damage Legal Liability, Personal and Injury and Advertiser’s Liability, Limited World-Wide Liability, Incidental Malpractice, Host Liquor Liability and Medical Payments, as may be applicable. The public liability coverage at a minimum shall be structured as follows:

- (a) A policy providing for \$1,000,000 per occurrence and \$2,000,000 aggregate coverage shall be maintained in full force.
- (b) A \$10,000,000 “umbrella” policy shall be maintained in full force with an insured’s retained limit of not more than \$10,000 for coverages not insured by the underlying insurance, including, but not limited to General Liability, Employers’ Liability, and Directors and Officers Liability.

4. All Other Coverages.

- (a) Worker’s Compensation and Employer’s Liability shall be maintained in force with minimums of \$100,000/\$500,000/\$1,000,000.
- (b) The Board is constrained from “contracting” with any person who is not a bona fide independent contractor. The Board shall obtain from each contractor his or her employer identification number and, where applicable, evidence of having in force a policy of general liability and property damage acceptable to the Board.
- (c) Directors and Officers Liability shall be purchased in the amount of \$1,000,000 per claim and include the Manager as additional insured. Coverage shall include full prior acts if written on a claims-made basis.

- (d) The Board shall be required to maintain adequate fidelity coverage to protect loss of money through any fraudulent, dishonest acts on the part of officers, directors, employees or others who are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:
 - (1) All such fidelity bonds shall name the Association as an obligee with the Manager named as an additional named insured.
 - (2) In determining the amount of coverage, the Board shall consider such factors as projected annual income, reserve account balances, financial control procedures, recommendations of its auditors and Professional Community Management Firm, and requirements of FNMA, FHLMC or other institutional or governmental purchasers or issuers of mortgages.
 - (3) Such fidelity bonds shall contain an endorsement affording coverage for non-compensated officers and directors.
 - (4) The Professional Community Management Firm shall be required to maintain professional liability coverage or errors and omissions coverage.

5. Insurance Provisions.

In all cases as applied to paragraph 1, above, and to the extent clearly applicable to paragraph 3, the insurance obtained shall be subject to the following provisions and limitations:

- (a) The named insured shall be the Association who, through the Board, acting as trustee for the owners collectively and severally, shall negotiate loss claims, receive and administer funds received pursuant to claim settlements.
- (b) Such policies shall provide that coverage shall not be prejudiced by any act or neglect of the owner(s) of Living Units or Lots, or by conditions over which the Association has no control.
- (c) All policies shall provide that coverage may not be canceled or substantially modified (including cancellation for non-payment of premium) without Prior Notice to the insured.
- (d) All such policies shall contain a waiver of subrogation endorsement, where allowable by law.
- (e) All policies of property insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to make a cash settlement in lieu of the right to restore, such option shall not be exercised without the prior written approval of the Board.
- (f) Each and every policy for Required Insurance shall contain a stipulation that the carrier receives a copy of the Governing Documents, including this Agreement, and that all provisions of each and every policy are in conformance with the provisions of said instruments as the carrier shall have been in possession of at time of issuance of such policies.

VII. ADMINISTRATIVE PROCEDURES

The Manager shall render the following services for the benefit of the Board and the Association Members:

A. Registered Agent - Legal Matters. The Manager shall, upon request of the Board, serve as registered agent for the Association to accept service of process on behalf of the Association and shall promptly forward same to the Association's attorney for handling the Association's interest in any legal process. The Manager shall act as a liaison between the Association's attorney and the Association. If the Association becomes involved in litigation or potential litigation requiring the Manager to conduct research or document preparation, participate in depositions, or testify in court, the Manager may charge the Association a fee as agreed in the Management

Contract, provided that such litigation or potential litigation does not involve any conflict, claim, or dispute between the Association and Management or any affiliate of Management.

B. Changes in Ownership - Assessment of Fees. Upon receipt of notice of a pending sale of an Assessable Unit, the Manager shall prepare and provide to the requesting Owner, purchaser or closing agent, within the time frame required by the Governing Documents, a certificate stating the total amount of assessments and other charges due to the Association on the Assessable Unit. The Manager shall collect on behalf of the Association any applicable assessments and fees authorized by the Governing Documents and Board resolution. Upon receipt of notice of the transfer of title to an Assessable Unit, the Manager shall promptly update the Association's records and provide to the new Owner an information package regarding the Association, its facilities and services. The Manager shall not be responsible for providing any of the information or services described above relating to the transfer of title to an Assessable Unit of which the Manager has not been properly notified.

C. Informational Services, Correspondence and Complaints. The Manager shall receive and distribute, as appropriate, all correspondence and communications directed to the Association. The Manager shall produce and distribute all correspondence, announcements, newsletters, and other Association information to the Members and others. The Manager shall consider and, when reasonable, attempt to remedy complaints of Members. The Manager shall refer any unresolved complaints to the Board.

D. Rules and Regulations. In accordance with the Governing Documents, the Board is responsible for establishing Association policies. The Manager is responsible for implementation of the Association policies and establishment of administrative rules and procedures to carry on the Association's affairs. The Manager may make recommendations to the Association's Board with respect to such policies and rules and regulations.

E. Meetings. The Manager shall assist with organizing and conducting meetings of the Association and its Board. For such meetings, the Manager shall arrange for suitable meeting places, prepare agendas, send out notices of the meetings, and prepare written ballots as required by the Governing Documents and New Jersey law.

F. Records. The Manager shall prepare and maintain in a complete and organized manner all records of the affairs and proceedings of the Association and of the Board. The Manager shall provide a repository, if necessary, for the Association's official records for such time as may be required by law and shall provide access thereto for such persons as are entitled to have access in accordance with the provisions of this Agreement and the Governing Documents.

G. Fidelity Bonds. Management shall procure and maintain a fidelity bond or similar insurance coverage with a company approved by the Board or, at the Board's discretion, be included as an additional insured on the Association's insurance policy. In either case, the coverage shall protect the Association and the Board from and against any loss of money or of the personal property belonging to the Association or for which the Association is legally liable, occasioned by any dishonest or fraudulent acts committed by Management or any of its officers, directors, agents or employees handling the Association's funds or property. The cost of such fidelity bond shall be an Association expense.

H. Insurance. The Manager shall, at the discretion of the Board, be responsible for contracting in the name of the Association for, and keeping current, all insurance coverage required by law, by the Governing Documents, by the Board of Directors, and by the provisions of this Agreement. The Manager shall also be responsible for filing and processing claims; reviewing the status and scope of coverage; making recommendations, from time to time, as to the adequacy of coverage; adjusting all claims arising under the Association's insurance policies subject to the provisions of the Governing Documents; and receiving on behalf of the Association all insurance proceeds, subject to the provisions of the Governing Documents. The cost of all insurance obtained hereunder shall be an expense of the Association.

I. Licenses, Permits and Governmental Compliance. The Manager shall file such reports and other documents and pay such fees as are required to operate and maintain the Association's corporate status in good standing. The Manager shall arrange for and renew as necessary all permits and licenses required by law for the operation of the Common Areas and the conduct of the Association's business. All fees incurred for such

licenses, permits, and other documents necessary to governmental compliance shall be an expense of the Association.

J. Enforcement. The Manager shall assist the Association in enforcing the Governing Documents by promptly notifying Owners of violations, preparing and mailing any notices required pursuant to the enforcement procedures set forth in the Governing Documents, and, in appropriate cases, referring enforcement matters to the Association's attorney.

VIII. MISCELLANEOUS

A. In order for amendments to this Agreement to be valid, the proposed amendment shall be approved by a two-thirds majority of the Board; notice of the proposed amendment shall be given to all Members, and the amendment shall be recorded.

B. The Manager shall not accept from vendors, independent contractors or others who provide services or goods to the Association any remuneration in the form of commissions, finders fees, service fees, gifts having intrinsic value or the like in consideration of such goods and services.

C. The Manager and its employees who make decisions on behalf of the Association must disclose to the Board the extent of financial interest that they may have in any firm's or person's activities when such firm or person is providing goods or services to the Association.

D. All lenders who have an interest in the Properties shall have a right to inspect the books and records, most recent annual reports and audited financial statements of the Association during normal business hours.

E. The Board may determine additional duties related to operation of the Association for which the Manager shall be responsible. However, the exercise of such right shall not materially modify or decrease the Association's or Manager's obligations hereunder without an amendment to this Agreement.

This Management Standards Agreement was approved by the FVCSA Board of Directors on May 23, 2000 and it has not yet been signed or recorded in Middlesex County. (RGF 5/22/00)