

FIRST AMENDMENT TO PUBLIC OFFERING STATEMENT

FOR

**MORRISTOWN SQUARE, A CONDOMINIUM**

Town of Morristown, New Jersey

Consisting of 18 Townhouse Style Condominium Units

**Filed and Presented by:**

Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920-2335

**NOTICE TO PURCHASERS**

**THIS PUBLIC OFFERING STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. PURCHASERS SHOULD ASCERTAIN FOR THEMSELVES THAT THE PROPERTY OFFERED MEETS THEIR PERSONAL REQUIREMENTS. THE NEW JERSEY DIVISION OF CODES AND STANDARDS HAS NEITHER APPROVED, NOR DISAPPROVED THE MERITS OF THIS OFFERING. BE SURE TO READ ALL DOCUMENTS CAREFULLY BEFORE YOU SIGN THEM.**

**Registration No.:** R-4638  
**Effective Date:** May 1, 2012

**Date First Amendment Registered:** July 13, 2012

Prepared by:

Giordano, Halleran & Ciesla, P.C.  
125 Half Mile Road, Suite 300  
Red Bank, NJ 07701

PULTE HOMES OF NJ, LIMITED PARTNERSHIP, the Sponsor, is hereby amending its Public Offering Statement under Registration No. R-4638 as follows:

1. SCHEDULES. A portion of Schedule 1, specifically page 5, shall be deleted and replaced with Attachment A hereto; a portion of Schedule 4, specifically the Radon Testing Addendum attached to the Purchase Agreement, shall be deleted and replaced with Attachment B hereto.

2. NATURAL OR MANMADE FORCES AFFECTING THE PROPERTY, page 7. The fourth paragraph commencing on page 11 shall be deleted and replaced with the following:

The Town of Morristown has been classified as a "Tier 1" area for the purpose of testing for the presence of radon gas in existing structures. Radon is a naturally occurring, invisible, odorless gas which rises to the surface and dissipates harmlessly in the open air, but can reach elevated levels in well insulated areas. At the present time, there is no reliable test to determine radon levels in the soil. It is also not possible to obtain reliable readings of radon levels while a Unit is under construction.

Sponsor does not claim or possess any special expertise in the measurement or reduction of radon. As the municipality in which the Property is located is in a Tier 1 radon area, Sponsor will construct the Unit with a passive radon remediation system recommended by applicable construction codes. If elevated levels of radon are detected in the Unit, subsequent to closing, the purchaser will be responsible for any remediation that purchaser deems necessary. **SPONSOR MAKES NO GUARANTY THAT SUCH TECHNIQUES WILL ELIMINATE OR REDUCE THE ENTRY OF ANY RADON GAS INTO THE UNIT. SPONSOR ASSUMES NO RESPONSIBILITY FOR THE OPERATION, MAINTENANCE OR EFFECTIVENESS OF THE SYSTEM DESCRIBED IN THIS PARAGRAPH OR ANY OTHER DEVICES OR METHODS INTENDED FOR THE REDUCTION OF RADON LEVELS. ANY ADDITIONAL REMEDIAL WORK, IF NECESSARY, WILL BE PURCHASER'S RESPONSIBILITY.**

3. UNIT, page 16. The third sentence of the first paragraph of this Section shall be deleted and replaced with the following:

Each Unit includes all fixtures, garages, exterior doors (including garage doors), door frames, windows, window frames, interior doors, non-load-bearing interior partitions, systems, including fire suppression systems, any passive radon remediation system or other radon remediation system serving one Unit, and other improvements located within the Unit, which are exclusive to it.

Except as expressly modified herein, all terms and conditions of the Public Offering Statement shall remain in full force and effect and in the case of any conflict, the provisions hereof shall be controlling.

Docs #1036372-v3

FIRST AMENDMENT TO PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM

ATTACHMENT A  
PAGE 5 OF MASTER DEED

4.1(c) TOP: The top is an imaginary plane along and coincident with the innermost surface of the ceiling dry wall in all directions to the points where it closes with every side of the Unit.

4.2 Items included in the Unit. Each Unit also includes garages, systems, including fire suppression systems, interior fixtures, appliances, non-load bearing interior walls (partitions), interior and exterior doors (including garage doors) and door frames, windows and window frames, wall and floor coverings, electrical equipment (i. e., outlets, switches, breaker boxes), the heating/ventilation/air conditioning unit(s) that serve the Unit exclusively, except any portion(s) of which are concealed within the Common Elements and not readily accessible to the Unit Owners, and all other improvements located within, or appurtenant to the Unit as set forth in Article 4.1, which are exclusive to such Unit although all or part thereof may not be located within the Unit, and shall include, but not be limited to the following individual appurtenances:

4.2(a) So much of the water plumbing system which serves only one Unit and located within the interior air space of that Unit; and

4.2(b) So much of the sewer plumbing system which serves only one Unit and located within the interior air space of that Unit; and

4.2(c) All electrical wires, switches, outlets and circuit breakers which serve only one Unit and located within the interior air space of that Unit; and

4.2(d) All master antennae or cable television wiring which serve only one Unit and located within the interior air space of that Unit that are not owned by the supplier of such service; and

4.2(e) All telephone wires which serve only one Unit and located within the interior air space of that Unit that are not owned by the supplier of such service; and

4.2(f) All utility meters not owned by the public utility agency supplying the service; and

4.2(g) Any hot water heater serving the Unit exclusively; and

4.2(h) Any patios or decks, stoops, landings, front entry stairs, porch lights (each Unit Owner is responsible for the cost of electricity) if any and as applicable, serving the Unit exclusively; and

4.2(i) The heating/ventilation/air conditioning system which serves only one Unit, whether or not located within the interior air space of the Unit, including, but not limited to, compressors, heat pumps and other machinery which may be located within the walls or exterior of the Unit. This includes any passive radon remediation system or other radon remediation system serving one Unit.

4.3 Interior Partitions. No Unit may be legally subdivided or partitioned without the prior written approval of the Board and any Mortgagee for such Unit, except that Sponsor will not be required to obtain the approval of the Board.

3  
FIRST AMENDMENT TO PUBLIC OFFERING STATEMENT

FOR

MORRISTOWN SQUARE, A CONDOMINIUM

ATTACHMENT B

RADON TESTING ADDENDUM  
E)  
J)

C

D

C

Buyer: <<Primary Customer Last Name>>

**Morristown Square, a Condominium**

**RADON TESTING**

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>>. (the "Agreement") between the Buyer and Seller for the Property described above. Terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein, and the Agreement, this Addendum shall prevail.

If Buyer desires to conduct radon testing in the Home, it must be conducted ten (10) business days after the closing of title by a professional company licensed under the State of New Jersey to perform radon testing.

The results of the radon testing will be deemed satisfactory if the radon level is at or below 4 pCi/l. If the test result is unsatisfactory, Buyer shall submit a copy of the test results to Seller along with written notice of unsatisfactory results. Upon receipt of the notice and test results, Seller shall issue a check to Buyer in the amount of Five Hundred (\$500.00) Dollars to offset Buyer's mitigation expenses.

Buyer acknowledges that Seller is not an expert in radon and, therefore, Seller will not: (1) provide Buyer any advice regarding safe levels of radon, (2) conduct radon testing or mitigation, (3) recommend radon testing methods or mitigation techniques, (4) recommend companies to perform radon testing or mitigation or (5) estimate the cost of testing or mitigation.

In consideration of Seller's execution of this Addendum, Buyer hereby releases and holds Seller harmless and agrees to indemnify Seller against any and all claims relating to the existence of radon in the Home.

**SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, ABOUT ANY ENVIRONMENTAL CONDITIONS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY TYPE OF DAMAGES THAT SUCH CONDITIONS MIGHT CAUSE TO THE HOME OR ITS OCCUPANTS.**

**IF THE BOX BELOW IS CHECKED "YES", THE COMMUNITY IS IN A TIER 1 RADON AREA AND SELLER ACKNOWLEDGES THAT IT MUST COMPLY WITH THE CONSTRUCTION TECHNIQUES IN THE RADON HAZARD SUBCODE, N.J.A.C. 5:23-10.1 et seq.**

YES

NO

THIS ADDENDUM SHALL NOT BE BINDING ON SELLER UNTIL SIGNED BY SELLER'S AUTHORIZED AGENT.

<<Signatures - Customers and Sales Associate>>

Accepted and Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

<<Seller Name>>

By: \_\_\_\_\_  
Authorized Agent

PUBLIC OFFERING STATEMENT

FOR

**MORRISTOWN SQUARE, A CONDOMINIUM**

Town of Morristown, New Jersey

Consisting of 18 Townhouse Style Condominium Units

**Filed and Presented by:**

Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920-2335

**NOTICE TO PURCHASERS**

**THIS PUBLIC OFFERING STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. PURCHASERS SHOULD ASCERTAIN FOR THEMSELVES THAT THE PROPERTY OFFERED MEETS THEIR PERSONAL REQUIREMENTS. THE NEW JERSEY DIVISION OF CODES AND STANDARDS HAS NEITHER APPROVED, NOR DISAPPROVED THE MERITS OF THIS OFFERING. BE SURE TO READ ALL DOCUMENTS CAREFULLY BEFORE YOU SIGN THEM.**

**Registration No.: R-4638**

**Effective Date: May 1, 2012**

Prepared by:

Brian H. Harvey, Esq.  
Giordano, Halleran & Ciesla, P.C.  
125 Half Mile Road, Suite 300  
Red Bank, NJ 07701



**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
SPECIAL RISK .....	1
SPECIAL NOTICE TO PURCHASERS .....	1
FORWARD.....	3
DEFINITIONS.....	5
PROPERTY .....	7
NATURAL OR MANMADE FORCES AFFECTING THE PROPERTY .....	7
SURROUNDING LANDS AND USES.....	15
ACCESS .....	15
UNITS.....	16
COMMON ELEMENTS .....	17
THE ASSOCIATION, MANAGEMENT AND OPERATION OF THE COMMON ELEMENTS .....	18
GOVERNANCE OF THE CONDOMINIUM ASSOCIATION.....	19
GOVERNANCE RULES APPLICABLE TO THE CONDOMINIUM ASSOCIATION.....	21
THE BUDGET AND CONDOMINIUM ASSOCIATION EXPENSES.....	23
THE COMMUNITY .....	26
THE MASTER DEED.....	29
ENCUMBRANCES.....	31
MORTGAGES.....	32
PUBLIC UTILITIES .....	32
REAL ESTATE TAXES .....	32
METHOD OF SALE .....	33
CLOSING .....	34
TYPE OF SALES PROGRAM .....	35
DEVELOPER'S WARRANTY.....	35
INSULATIONS .....	37
ADDITIONAL INFORMATION.....	37

**SCHEDULES**

Master Deed .....	1
Budget and Adequacy Letters .....	2
Condominium Association Management Agreement .....	3
Purchase Agreement/Contract for Condominium Unit.....	4
Sample Unit Deed .....	5
Sample Unit Owner's Title Policy .....	6
Escrow Agreement and Remediation Bond.....	7
Escrow Agreement and Certification .....	8

### **SPECIAL RISK**

**THE PURCHASER SHOULD UNDERSTAND THAT BY AGREEING TO ARBITRATE ALL DISPUTES WITH THE SPONSOR AS SET FORTH IN THE PURCHASE AGREEMENT (WHICH PURCHASE AGREEMENT IS ATTACHED HERETO AS SCHEDULE 4), WHETHER STATUTORY, CONTRACTUAL OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, PERSONAL INJURIES AND/OR ILLNESS, HE OR SHE IS GIVING UP HIS OR HER RIGHT TO A TRIAL IN COURT, EITHER WITH OR WITHOUT A JURY (EXCEPT AS MAY OTHERWISE BE PROVIDED IN THE AMERICAN ARBITRATION ASSOCIATION'S CONSUMER DUE PROCESS PROTOCOL THAT ALLOWS CONSUMERS TO FILE CERTAIN CLAIMS IN SMALL CLAIMS COURT).**

### **SPECIAL NOTICE TO PURCHASERS**

**PROSPECTIVE PURCHASERS OF UNITS IN MORRISTOWN SQUARE, A CONDOMINIUM, SHOULD BE AWARE OF THE FOLLOWING ISSUES:**

**1. THIS PUBLIC OFFERING STATEMENT DISCUSSES INVESTIGATIONS PERFORMED ON THE PROPERTY (AS HEREIN DEFINED) ON WHICH THE CONDOMINIUM WILL BE CONSTRUCTED AND ITS SURROUNDING AREAS. THIS PUBLIC OFFERING STATEMENT DISCLOSES THAT HISTORIC FILL MATERIALS CONTAINING CONTAMINANTS ABOVE APPLICABLE NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION ("NJDEP") REMEDIATION STANDARDS AND SUMMARIZES THE CAPPING PROCEDURES AND CONSTRUCTION TECHNIQUES APPROVED BY THE NJDEP THAT THE SPONSOR WILL UNDERTAKE BEFORE, DURING AND AFTER THE CONSTRUCTION OF THE CONDOMINIUM AND ITS SURROUNDING AREAS. THE EXISTENCE OF ENGINEERING CONTROLS, SUCH AS THE CAP DESCRIBED HEREIN, MUST BE MEMORIALIZED BY A WRITTEN DOCUMENT KNOWN AS A "DEED NOTICE," (SEE EXHIBIT G TO THE MASTER DEED, WHICH MASTER DEED IS ATTACHED HERETO AS SCHEDULE 1) WHICH WILL BE FILED IN THE COUNTY CLERK'S OFFICE AND WILL BECOME PART OF THE PERMANENT TITLE RECORDS OF THE PROPERTY. PURSUANT TO TECHNICAL REGULATIONS, CERTAIN MONITORING AND MAINTENANCE ACTIVITIES WILL BE REQUIRED FOR ANY ENGINEERING CONTROL INSTALLED (THE CAP) AT THE**

PROPERTY AND WILL BECOME THE RESPONSIBILITY OF THE CONDOMINIUM ASSOCIATION. SPECIFICALLY, THE DEED NOTICE WILL REQUIRE THE SPONSOR AND ITS SUCCESSORS (I.E., UNIT OWNERS AND THE ASSOCIATION) TO INCLUDE IN ALL LEASES, GRANTS AND DEEDS AND OTHER WRITTEN TRANSFERS OF INTEREST IN THE CONDOMINIUM AND ITS UNITS, A PROVISION SETTING FORTH THAT ALL PERSONS TAKE THEIR INTERESTS SUBJECT TO THE USE RESTRICTION AND THE OBLIGATION NOT TO VIOLATE THE DEED NOTICE CONDITIONS. THE USE OF ENGINEERING AND INSTITUTIONAL CONTROLS (DEED NOTICE) WILL REQUIRE SOME MAINTENANCE, MONITORING AND INSPECTION OF THOSE CONTROLS INCLUDING THE USE OF A MAINTENANCE LOG DOCUMENTING INSPECTIONS AND REPAIRS OF THE ENGINEERED CAP. THE POST REMEDIATION ACTIVITIES WILL INCLUDE SEMI-ANNUAL AND ANNUAL INSPECTIONS OF THE ENGINEERING CONTROLS (CAP) AND A BIENNIAL (ONCE EVERY TWO YEARS) SUBMISSION OF A CERTIFICATION DOCUMENTING THAT THE ENGINEERING CONTROLS (CAP) REMAIN IN-PLACE AND ARE EFFECTIVE. THE ENGINEERING AND INSTITUTIONAL CONTROLS SHOULD HAVE NO IMPACT ON THE USE AND ENJOYMENT OF THE PROPERTY BEYOND THE NEED TO MAINTAIN THE CAP. THE ASSOCIATION WILL BE RESPONSIBLE FOR THE FOREGOING SEMI-ANNUAL AND ANNUAL INSPECTIONS AND THE COMPLETION OF THE BIENNIAL CERTIFICATION.

FUTURE COSTS FOR THE POST REMEDIATION ACTIVITIES CANNOT BE ESTIMATED WITH COMPLETE ACCURACY. THE SPONSOR HAS OBTAINED A WORK PROPOSAL FROM AN ENVIRONMENTAL CONSULTANT TO PREPARE THE BIENNIAL CERTIFICATION. A COST CONSISTENT WITH THAT PROPOSAL HAS BEEN INCORPORATED INTO THE BUDGET (AS HEREINAFTER DEFINED) ATTACHED HERETO AS SCHEDULE 2.

FOR FURTHER INFORMATION ON THIS SPECIAL NOTICE, PLEASE SEE THE SECTION ENTITLED "NATURAL OR MANMADE FORCES AFFECTING THE PROPERTY" HEREIN.

2. PURCHASERS SHOULD BE CAUTIONED THAT THERE MAY BE NOISE ASSOCIATED WITH THE AIRCRAFT UTILIZING THE MORRISTOWN MUNICIPAL AIRPORT. THE PROPERTY (AS DEFINED BELOW) IS LOCATED APPROXIMATELY 3

MILES FROM THE MORRISTOWN MUNICIPAL AIRPORT. SPONSOR HAS CONTACTED THE MORRISTOWN MUNICIPAL AIRPORT NOISE ABATEMENT OFFICER WHO PROVIDED CONFIRMATION THAT THE PROPERTY IS NOT PRESENTLY LOCATED IN AN AIRPORT SAFETY ZONE AS DEFINED BY THE NEW JERSEY AIR SAFETY AND ZONING ACT OF 1983, N.J.S.A. 6:1-80 ET SEQ. NOTWITHSTANDING THE FOREGOING, PURCHASERS SHOULD BE CAUTIONED THAT THERE MAY BE NOISE AND OTHER IMPACTS ASSOCIATED WITH AIRCRAFT UTILIZING THE MORRISTOWN MUNICIPAL AIRPORT.

3. THE WATER SERVICE FOR THE PROJECT WILL BE METERED BY A MASTER WATER METER. THE ASSOCIATION (AS HEREINAFTER DEFINED) WILL PAY THE WATER BILL ASSOCIATED WITH THE MASTER WATER METER AND THE WATER CHARGES WILL BE PART OF THE COMMON EXPENSE APPORTIONMENT, WHICH COMMON EXPENSES, INCLUDING THE WATER CHARGES, ARE ASSESSED EQUALLY BASED UPON THE NUMBER OF UNITS ESTABLISHED WITHIN THE CONDOMINIUM.

#### **FORWARD**

Pulte Homes of NJ, Limited Partnership, located at 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920-2335 (hereinafter referred to as "Sponsor" or "Developer"), is the owner of lands and premises currently being known as, or to be known as, Block 6005, Lot 10 on the Town of Morristown Tax Map and consists of approximately 1.533 acres of land (the "Property").

Sponsor intends to develop the Property as a condominium to consist of 18 attached, townhouse style condominium units (the "Units") contained in 4 buildings together with related improvements known as Morristown Square, a Condominium (the "Condominium" or the "Project") as depicted on the condominium plan attached as Exhibit B to the Master Deed, which Master Deed is attached hereto as Schedule 1. The anticipated completion date of the Project is December 2013.

Purchasers will take title to the Units as well as a percentage of the undivided interest in the Common Elements (as hereinafter defined) of Morristown Square, a Condominium. The percentage interest is equal based upon the total number of Units established within the Condominium. The total of the percentages of interest for all Units shall always equal 100%.

All Unit Owners will automatically be members of the Morristown Square Condominium Association, Inc. (also referred to herein as the "Association" or "Condominium Association"), which eventually will be responsible for the administration, maintenance, repair and replacement of the Common Elements of the Condominium, except as otherwise provided herein or in the Master Deed.

Funds for the operation of the Association will be derived from maintenance fees paid by all members of the Association. The duties and privileges of membership in the Association as well as the Budget (as hereinafter defined) for same are discussed further herein. These duties are set forth fully in the Master Deed, which Master Deed is attached hereto as Schedule 1.

There are some restrictions on the use and occupancy of the Units which are more particularly described in this Public Offering Statement and in the Master Deed.

The Developer has retained the right to amend the Master Deed for certain reasons and purposes which include the right to decrease the total number of Units to be constructed within the lands of the Condominium and to commensurately increase the percentage interest in the Common Elements owned by each Unit Owner. The Developer may also alter the size, shape and/or appearance of the Units, the buildings and/or Common Elements to be constructed as market conditions and practical necessities indicate are appropriate. The Developer has further retained the right, with respect to such alterations to the Units, the buildings and Common Elements, to substitute materials, appliances, fixtures, railings, and so forth of comparable quality and kind for any materials, appliances and fixtures which were originally designated for use in the Condominium. The Developer may not, however, remove lands from the Condominium without the consent of the Unit Owners and their mortgagees as explained in the Master Deed. In addition, the Developer is not permitted to cast any votes held by it for any unsold Units for the purpose of amending the Master Deed, the Bylaws or any other document for the purpose of changing the permitted use of a Unit or reducing the Common Elements or facilities except as provided in the Master Deed. The Developer has also retained the right to amend the Master Deed in order to substitute a new Developer/Sponsor, or a successor in interest at any time at its own discretion without the consent of the Board of Trustees or the members of the Association or any other party.

Purchasers should note that the form of Master Deed, which Master Deed is attached hereto as Schedule 1, as well as the Certificate of Incorporation and the Bylaws attached thereto,

have not been approved by the Federal National Mortgage Association ("FNMA") or any lending institutions which may provide mortgage financing for the acquisition of units in the Condominium. Accordingly, there may be certain changes in the aforementioned documents required by such institutions either before or after the closing of title to a Unit and therefore the attention of each prospective purchaser of a Unit is expressly directed to the provisions set forth in Article 16 of the Master Deed and Section 6 of the Purchase Agreement and the Condominium Addendum of the Purchase Agreement (attached hereto as Schedules 1 and 4, respectively), which provide Sponsor with the power of attorney to make certain changes without the consent of the purchaser.

**THE PROSPECTIVE PURCHASERS HAVE THE RIGHT TO CANCEL ANY CONTRACT OR AGREEMENT FOR THE PURCHASE OF A UNIT IN THE CONDOMINIUM, WITHOUT CAUSE, BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE SPONSOR, PULTE HOMES OF NJ, LIMITED PARTNERSHIP BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DATE OF EXECUTION OF SUCH CONTRACT OR AGREEMENT. SUCH CANCELLATION IS WITHOUT PENALTY AND ALL MONIES THERETOFORE PAID BY THE PROSPECTIVE PURCHASER SHALL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.**

#### **DEFINITIONS**

The following words and terms, when capitalized and used herein shall have the following meanings:

1. "Common Elements" shall mean and refer to those portions of the Condominium (both the General Common Elements and Limited Common Elements) other than the individual Units, of which each Unit Owner shall own an undivided percentage interest, which include, but are not limited to, the land within the Condominium and the non-Unit portions of the buildings.
2. "Condominium" shall mean and refer to the Project, which is subject to the condominium form of ownership.
3. "Condominium Association" or "Association" shall mean and refer to the Morristown Square Condominium Association, Inc., a New Jersey non-profit corporation formed to administer and manage the common affairs of the Unit Owners within the Condominium and

with limited exception, to operate, maintain, repair and replace the Common Elements of the Condominium.

4. "Condominium Association Budget" or "Budget" shall mean and refer to the estimated annual budget prepared by the Condominium Board which reflects the anticipated Condominium Association Expenses for the ensuing fiscal year.

5. "Condominium Association Expenses" or "Association Expenses" shall mean and refer to, but not be limited to, the estimated costs for the operation, maintenance, repair and replacement of the Common Elements and the operation of the Condominium Association.

6. "Condominium Board" or "Board" shall mean and refer to the Board of Trustees of the Condominium Association.

7. "Contract" shall mean and refer to that certain purchase agreement to be entered into between the Sponsor and persons interested in purchasing a Unit in the Project.

8. "Developer" or "Sponsor" shall mean and refer to Pulte Homes of NJ, Limited Partnership, its successors and assigns.

9. "General Common Elements" shall mean and refer to all appurtenances, facilities and other items which are not part of the Units (defined below) or part of the Limited Common Elements (defined below).

10. "Limited Common Elements" shall mean and refer to Common Elements that are for the exclusive use of a Unit's Owner and include any walkway and driveway to which there is direct access from the interior of an appurtenant Unit, as shown on the Condominium Plan set forth in Exhibit B to the Master Deed, which Master Deed is attached hereto as Schedule 1.

11. "Master Deed" shall mean and refer to the Morristown Square, a Condominium Master Deed filed by Sponsor in the Morris County Clerk's office as same may from time to time be amended.

12. "Project" shall mean and refer to the project known as Morristown Maple Condominium as depicted on Exhibit B of the Master Deed, which Master Deed is attached hereto as Schedule 1.

13. "Property" shall mean and refer to those premises located in the Town of Morristown, County of Morris, State of New Jersey currently being known as, or to be known as, Block 6005, Lot 10 as more particularly described in the legal description attached as Exhibit A to the Master Deed, which Master Deed is attached hereto as Schedule 1.

14. "Unit" shall mean and refer to a part of the Condominium designated and intended for independent ownership and use.

15. "Unit Owner(s)" or "Owner(s)" shall mean and refer to a record owner of a Unit.

#### **PROPERTY**

The Condominium will be constructed on the lands and premises currently being known as, or to be known as, Block 6005, Lot 10 on the Town of Morristown Tax Map and consists of approximately 1.533 acres of land. The Project is located in the RT Residential Transition District and ORC Office-Residential Character District and designated as Area B in Epsteins Rehabilitation Plan. Townhouses are a permitted use for the Property.

#### **NATURAL OR MANMADE FORCES AFFECTING THE PROPERTY**

With the exception of the drainage ways, drainage structures, the basin and facilities, if any, no portion of the Property is regularly or periodically subject to natural forces that would tend to adversely affect the use or enjoyment of the Property, such as flooding, drought, earthquake or other forces of nature. None of the Units will be constructed within a flood plain or wetlands area without applicable approvals.

Purchasers should be aware that there may be noise associated with the aircraft utilizing the Morristown Municipal Airport. The Property is located approximately 3 miles from the Morristown Municipal Airport. Sponsor has contacted the Morristown Municipal Airport Noise Abatement Officer who provided confirmation that the Property is not presently located in an Airport Safety Zone as defined by the New Jersey Air Safety and Zoning Act of 1983, N.J.S.A. 6:1-80 et seq. Notwithstanding the foregoing, there may be noise and other impacts associated with aircraft utilizing the Morristown Municipal Airport.

Other than as set forth above, no portion of the Property is regularly or periodically subject to manmade forces such as airports, railroads, industrial uses or other similar forces.

The Property is presently improved with two commercial buildings. A small, single-story commercial building is located to the northwest corner of the site that fronts on Maple Avenue and is designated as 7 Maple Avenue, Morristown, New Jersey. A second larger, commercial/warehouse building is located at the southwest corner of the site along MacCulloch Avenue and is designated as 8-10 MacCulloch Avenue, Morristown, New Jersey. The existing structures are proposed to be demolished as part of the construction of the Project.



In accordance with the recently enacted Site Remediation Reform Act ("SRRA"), the Sponsor has retained a Licensed Site Remediation Professional ("LSRP") to prepare and implement a Remedial Action Workplan ("RAW") that identifies and proposes remedial actions to address impacted historic fill located on the Property. To date, soils at the Property have been investigated and a RAW has been prepared to address the historic fill using Engineering and Institutional controls.

Use of a Presumptive Remedy to address Historic Fill: The RAW proposes the following to address the historic fill, on-site reuse, off-site beneficial reuse, and the use of Engineering and Institutional controls. These remedial actions proposed are consistent with a presumptive remedy for historic fill as outlined in New Jersey Department of Environmental Protection ("NJDEP") Technical Requirements for Site Remediation (N.J.A.C. 7:26E) and current guidance and training available through the NJDEP Site Remediation Program. Under the LSRP's oversight, following the on-site reuse of the historic fill and construction of the Engineering controls (cap) consistent with current NJDEP regulations and guidance, the remedy will include implementation of an Institutional control (Deed Notice) for the Property to address the historic fill to remain on-site.

Remedial Actions: As the historic fill contains contaminants above the applicable NJDEP Soil Remediation Standards, those materials are addressed through a remedial action outlined in a Remedial Action Workplan ("RAW") prepared by the LSRP for submittal to the NJDEP. It is anticipated that some excess fill materials will be removed and appropriately reused or disposed of off-site, and the remainder of the fill materials will be left on-site and addressed with Engineering (cap) and Institutional (Deed Notice) controls, which are deemed by the LSRP to be sufficient to protect human health and the environment and consistent are with NJDEP guidance requirements. Copies of RAW submitted to the NJDEP and the LSRP's correspondence confirming all such determinations once same are received will be available for review in the sales office of the Sponsor.

LSRP Oversight: By letter dated March 28, 2012, a submission was made to the NJDEP which reported that Richard D. Lev (LSRP 510226) of Melick-Tully and Associates, P.C. ("MTA") was retained by the Sponsor. In addition to the LSRP Notification of Retention or Dismissal Form, a Confirmed Discharge Form, a Public Notification and Outreach Form and correspondence were submitted to NJDEP.

Description of Contamination: Fill materials, historically deposited on the Property to raise the grade elevation ("Historic Fill"), contain concentrations of certain contaminants (polynuclear aromatic hydrocarbons, or "PAHs") above the NJDEP "Residential Direct Contact" Soil Remediation Standards ("RDCSRS") developed by the NJDEP. The NJDEP RDCSRS have been established based on the premise that accidental ingestion could result from contact with the Historic Fill. The NJDEP requirements and guidance have established the use of Engineering controls, a cap, as a presumptive remedy to preclude direct contact with the fill materials. As part of the RAW prepared by the LSRP, fill materials at concentrations above the NJDEP RDCSRS will remain on the Property beneath the cap. The use of the cap as an Engineering control and administrative notice by means of a Deed Notice as an Institutional control, is entirely consistent with NJDEP's presumptive remedy for Historic Fill, and was approved by the LSRP as being protective of human health and the environment.

After the construction of the engineered cap is completed, a Deed Notice will be completed for the Property, and a Remedial Action Soil Permit will be obtained from NJDEP to enable the preparation of a final Remedial Action Report ("RAR") that will be submitted to the NJDEP. Following the submission of the final RAR, the LSRP will issue a restricted use Response Action Outcome ("RAO") declaration for the Property. The RAO may issue after some of the Units have been conveyed to purchasers. Therefore, in order to secure the completion of the cap and the issuance of the RAO, Sponsor has posted a bond with the law firm of Giordano, Halleran & Ciesla, P.C., as Escrow Agent, in the amount that of MTA has determined will be sufficient to cover the cost of completing the cap should the Sponsor determine not to complete the development of the Condominium prior to its completion. The amount of the bond excludes any components of the cap that are otherwise secured by municipal performance guarantees that have been posted with the Town of Morristown pursuant to the Municipal Land Use Law. A copy of the Escrow Agreement and Remediation Bond are attached hereto as Schedule 7.

Engineering Controls: The proposed cap will include: concrete floor slabs, sidewalks, curbs, asphalt pavement, and landscaped lawn areas containing clean subsoil and topsoil placed upon a geotextile barrier to act as a deterrent to contact with the Historic Fill. The engineered cap materials are consistent with NJDEP guidance for a residential property.

Deed Notice: The proposed Engineering controls will be incorporated into a Deed Notice to be prepared by the LSRP. The actual Deed Notice as approved by the LSRP and recorded in the

office of the Morris County Clerk may deviate from the sample attached as Exhibit G to the Master Deed, which Master Deed is attached hereto as Schedule 1. The Deed Notice states the type, the location and nature of contaminants remaining on the Property and the Engineering and Institutional Controls used to protect human health, the environment and prevent exposure to the contaminants. The Deed Notice also establishes emergency procedures and methods for future maintenance, alterations, improvements and disturbances of the Engineering and Institutional controls under the supervision of the LSRP.

Future Obligations and Restrictions: The Deed Notice will require the Sponsor and its successors (i.e. Unit Owners and the Association) to include in all leases, grants, deeds and other written transfers of interests in the Condominium and its Units, a provision setting forth that all persons take their interests subject to the use restriction and the obligation not to violate the Deed Notice conditions. The use of Engineering and Institutional controls will require some maintenance, monitoring and inspection of those controls including the use of a maintenance log documenting inspections and repairs of the engineered cap. The post remediation activities will include semi-annual and annual inspections of the Engineering controls (cap) and a biennial (once every two years) submission of a certification documenting that the Engineering controls (cap) remain in-place and are effective. The Engineering and Institutional Controls should have no impact on the use and enjoyment of the Property beyond the need to maintain the cap. The Association will be responsible for the foregoing semi-annual and annual inspections and the completion of the biennial certification.

Future costs for the post remediation activities cannot be estimated with complete accuracy. The Sponsor has obtained a work proposal from an environmental consultant to prepare the biennial certification. A cost consistent with that proposal has been incorporated into the Budget (as hereinafter defined) attached hereto as Schedule 2.

All of the foregoing information is based on inspection of the materials and the reports referenced above. A variety of reports were prepared by environmental consultants and reviewed and approved by the LSRP to investigate and, where necessary, remediate impacted areas. The reports are voluminous, but can be reviewed in the Sponsor's sales office. Before a contract is signed for the purchase of a Unit, all those who will reside in the Unit are encouraged to review these materials regarding the scope and details of the environmental history of the Property, the

LSRP prepared RAW and the extent of contamination that will remain under the Project as approved by the NJDEP.

Sponsor retained the services of EcolSciences, Inc. to prepare a Phase I Environmental Site Assessment for the Property dated June 30, 2011 (the "ESA"). The ESA noted that two underground storage tanks were removed in June of 1998 and a No Further Action ("NFA") determination was issued by the New Jersey Department of Environmental Protection ("NJDEP") on November 10, 1998 for the removal of the two foregoing underground storage tanks. However, the ESA notes that a third underground storage tank may be present on the Property. Specifically, Morristown Epsteins, LLC, the seller of the Property to Sponsor ("Seller"), performed a ground penetrating radar survey of the Property that detected one unknown anomaly. Sponsor performed additional underground testing and confirmed that this anomaly is not an underground storage tank.

In addition, the ESA recommends that any oil and other hazardous materials that may be present within the existing structures of the Property be removed for proper off-site disposal. Finally, the ESA recommends that any potential asbestos containing materials that may be present within the existing onsite buildings be tested to characterize these materials and be properly disposed of prior to any building renovations or demolition of the existing structures. Sponsor, as part of its construction activities on the site, intends to address any potential oil, asbestos or other hazardous materials discovered during demolition of the existing structures on the Property and during construction activities on the site by having these materials disposed of by contractors licensed to handle the foregoing materials and will obtain the appropriate documentation regarding disposal of the foregoing materials as may be required by applicable statutes, rules and regulations.

MTA also prepared a subsurface investigation for the Property dated July 6, 2011. MTA concluded that the proposed development of the site would be favorable for supporting the proposed structures upon conventional shallow foundations but that a standard level of care would need to be utilized. In its report, MTA concluded that the native soils encountered at the site consist of sand and silt, with small components of clay and found that no groundwater seepage, mottling or rock was encountered during the explorations by MTA.

In addition, the Town of Morristown is not designated as a Tier 1 Radon municipality pursuant to N.J.A.C. 5:23-10A. It should be noted that the Town of Morristown is designated as

a Tier 2 Radon Municipality. If, after the conveyance of title to a Unit, a Unit Owner conducts a test for the presence of radon gas which reliably reveals a recognized unacceptable level of same, any remedial efforts required to alleviate the problem shall be the Owner's responsibility at his/her sole cost and expense.

Sponsor hereby discloses that because mold is everywhere, especially in the air, it is impossible to have a mold free Unit. By way of background, mold is simple, microscopic organisms that are found virtually everywhere, indoors and outdoors. These organisms are part of the fungi kingdom, a realm shared with mushrooms, yeast and mildews. They can be nearly any color – white, orange, green or black. Very tiny and lightweight, mold spores travel easily through the air. To grow, mold needs a food source, such as leaves, paper, wood or dirt; a source of moisture; and a suitable temperature, generally in the range of 40 to 100 degrees Fahrenheit.

According to the Center for Disease Control and Prevention's National Center for Environmental Health, mold naturally occurs in the indoor environment. Mold spores may enter a home through open doorways, windows, HVAC systems and air infiltration. Spores in the air outside also attach themselves to people and animals, making clothing, shoes, bags and pets convenient vehicles for carrying mold indoors.

According to the U.S. Environmental Protection Agency's online Mold Resources Guide, "there is no practical way to eliminate all mold and mold spores in the indoor environment; the way to control indoor mold growth is to control moisture." Regular cleaning and adequate air circulation and ventilation also help keep mold colonies from growing.

Mold can be both beneficial and harmful. There is no health-based medical standard for exposure to mold. If mold grows extensively, it may produce enough airborne particles to cause coughing and cold-like symptoms. People with allergies may be more sensitive to molds. People with immune suppression or underlying lung disease are more susceptible to fungal infections.

Mold plays an important role in the environment and in living systems. In soil, mold plays a crucial part in the decomposition of organic matter and in making nutrients available to plants. Mold is harmful at least to the materials on which it grows, usually producing objectionable odors, stains and discoloration. If moldy conditions exist for a long time, the structure of wood, fabric and paper can be seriously damaged.

According to the Center for Disease Control and Prevention's National Center for Environmental Health, there are a few documented instances in which toxic molds inside homes were associated with serious adverse health conditions. Whether the presence of these molds caused the health conditions has not been determined. The most common symptoms reported from mold exposures in indoor environments are runny nose, eye irritation, cough, congestion, aggravation of asthma, headache and fatigue. For the most part, people should take routine measures to prevent mold growth.

The EPA and state health and environmental agencies offer these recommendations, among others:

- Vacuum and clean regularly.
- Use mold-killing products while cleaning bathrooms.
- Use air-conditioners and dehumidifiers, especially in hot, humid weather. Clean dehumidifiers often and empty them daily or, if possible, have the appliance drip directly into a drain.
- Vent clothes dryers to the outside.
- Use exhaust fans whenever cooking, dishwashing, showering and cleaning.
- Keep attics and crawl spaces ventilated and insulated.
- Clean refrigerator drip pans regularly according to manufacturer's instructions. If refrigerator and freezer doors do not seal properly, moisture may build up and mold can grow there. Remove any mold on door gaskets and replace faulty gaskets.

Controlling moisture is vital to minimizing mold growth indoors. Moisture can occur not only from water intrusion (plumbing leaks, rain, groundwater, appliances, etc.), but also from indoor relative humidity. Unit Owners should regularly inspect their Units for plumbing leaks, water accumulation near the foundation (after rainfall or lawn watering) water intrusion through windows, doors and roofs or any signs of mold. Regular maintenance and inspections of the Unit and HVAC system can often prevent problems before they start.

In light of the above, Sponsor builds its Units using weather-resistant barriers to help prevent the penetration of excessive moisture that may lead to mold growth. Sponsor also builds its Units with HVAC systems that, when used properly, are intended to help maintain indoor air humidity below 60% as recommended by the U.S. Environmental Protection Agency.

Sponsor further cautions purchasers that in some locations of the Condominium some noise leaks may occur. It is possible that noise generated in other Units, such as from the operation of appliances and plumbing fixtures (i.e., fans, faucets, bathroom fixtures, disposals, drains) as well as activity in adjacent Units may be audible. As such, it is recommended that noise sensitive individuals be aware that while the Units are intended to be generally well sound insulated, certain intermittent noises from adjacent Units and service areas may be audible.

To the best of Sponsor's knowledge, information and belief, there are no natural or artificial conditions other than those discussed herein that adversely affect the Property or the Units.

Pursuant to the "New Residential Construction Off-Site Conditions Disclosure Act," sellers of newly constructed residential real estate are required to notify purchasers of the availability of lists disclosing the existence and location of off-site conditions which may affect the value of the residential real estate being sold. The lists are to be made available by the municipal clerk of the municipality within which the residential real estate is located and in other municipalities that are within one-half mile of the residential real estate. The address and telephone number of the municipal building for the Town of Morristown, the township in which the Project is located, is 200 South Street, Morristown, New Jersey 07963 (973-292-6600). The address and telephone number of the municipal building for the Township of Morris, which municipal boundary is within one-half mile of the Property, is 50 Woodland Avenue, Morris, New Jersey 07961 (973-326-7430). Purchasers are encouraged to exercise all due diligence in order to obtain any additional or more recent information that they believe may be relevant to their decision to purchase the residential real estate. Purchasers are also encouraged to undertake an independent examination of the general area within which the residential real estate is located in order to become familiar with any and all conditions which may affect the value of the residential real estate. Pursuant to the New Residential Construction Off-Site Conditions Disclosure Act, the purchaser has five business days from the date the Contract is executed by the purchaser and the Sponsor to send notice of cancellation of the Contract to the Sponsor. The notice of cancellation shall be sent by certified mail. The cancellation will be effective upon the notice of cancellation being mailed. If the purchaser does not send a notice of cancellation to the Sponsor in the time or manner described above, the purchaser will lose the right to cancel the Contract as provided in this notice. The cancellation rights set forth above are in addition to a

purchaser's rights set forth elsewhere in this Public Offering Statement, but do not create additional time for cancellation beyond the longest time set forth herein.

### **SURROUNDING LANDS AND USES**

The area to the north of the Property is zoned ORC (Office/Residential Character) District, CBD-2 (Central Business District) and a Redevelopment Zone and is bounded to the north by the entire length of Maple Avenue with a multi-story office building and a parking garage operated by the Morristown Parking Authority located opposite the Property. In addition, an office building occupied by Hampshire Real Estate is located adjacent to the subject Property at the corner of Maple Avenue and DeHart Street. There is a small office building located on the adjoining property to the northwest operated by P. Carey & Associates Investigators. The area to the south is zoned RT-1 (One and Two Family Residential) District and R-2 (Single-Family Residential) District and is bounded by the entire length of MacCulloch Avenue with residential properties, a law office, a vacant gasoline station and an active BP Service Station found along MacCulloch Avenue. The area to the east is zoned ORC (Office/Residential Character) District, a Redevelopment Zone and R-2 (Single-Family Residential) District and is developed with residential properties and two small office buildings fronting on DeHart Street. The area to the west is zoned B (Business) District, Public Purpose District and M-1 (Midrise Apartment) District and is developed with residential properties, a vacant garage and a Hoeffner's pork store, which front on Market Street. Sponsor cannot make any representation that the present zoning scheme adopted by the Town of Morristown will remain applicable to the Property or that the present zoning schemes and uses for the areas surrounding the Property will remain in their current state.

### **ACCESS**

Access to the Condominium will be via entrances located on both Maple Avenue and MacCulloch Avenue. There will be a private drive traversing the Property between Maple Avenue and MacCulloch Avenue with the private drive and private drive aisles providing access to the Units. The Units located along MacCulloch Avenue will be accessible directly from MacCulloch Avenue. The municipal planning board approvals granted by the Town of Morristown indicate that if the internal roadway is continually used for through traffic between Maple and MacCulloch Avenues, it may be necessary to add speed bumps or to declare the Project a gated community and install gates at the access drives on both Maple Avenue and



MacCulloch Avenue. In the event the speed bumps and/or gates are required for the access drives, these items will be General Common Elements for which the Association will be responsible to maintain.

### UNITS

The Project will consist of 18 townhouse-style condominium Units located in 4 buildings. Each Unit will have 3 bedrooms, 2 full bathrooms and 1 half-bathroom (there is/are an optional Unit configuration(s) with 3 full bathrooms and 1 half-bathroom) and a 2-car garage. Each Unit is bounded by the innermost surface of the studding of the perimeter walls, the innermost surface of the ceiling joists and the lowest point of the interior surface of the lowest subfloor or concrete slab floor, but excludes any supporting (load bearing) walls as well as the balance of the structure containing the Unit. Each Unit includes all fixtures, garages, exterior doors (including garage doors), door frames, windows, window frames, interior doors, non-load-bearing interior partitions, systems, including fire suppression systems, and other improvements located within the Unit, which are exclusive to it. The Units will also include the decks, patios, stoops, landings and/or front entry stairs, porch lights, if any, serving an individual Unit. The previous definition and physical confines of the Unit is a summary of the description that is contained in the Master Deed, a copy of which is attached hereto as Schedule 1.

Each Unit will have its own walkway and driveway which will be considered a Limited Common Element. The 4 Units fronting on MacCulloch Avenue will have yards that will be considered Limited Common Elements.

Purchasers should note that the Condominium Association, as discussed elsewhere in this Public Offering Statement, will be responsible for the maintenance, repair and replacement of the Condominium (other than the individual Units) which includes the Limited Common Elements, except as provided below. Each Unit Owner is required to undertake routine cleaning of his walkway and driveway. In addition, the 4 Units fronting on MacCulloch Avenue that have yard areas that will be considered Limited Common Elements and these 4 Unit Owners will be responsible for the routine cleaning of their respective Limited Common Element yard areas. The Association will be responsible for the landscaping maintenance within the Limited Common Element yard areas. The Limited Common Element yard areas will be irrigated and the Association shall be responsible for the maintenance, repairs and replacement of the irrigation system and the water costs associated with same. These 4 Units Owners will be

required to maintain gates on the privacy fences accessing the Limited Common Element yard areas in order for the Association to have access for landscaping maintenance purposes. The Association shall be responsible for snow/ice removal from the Limited Common Element walkways and driveways.

### **COMMON ELEMENTS**

Each Unit has an undivided ownership interest in the Common Elements. Within the Common Elements are the General Common Elements and the Limited Common Elements which are Common Elements for the exclusive use of a specific Unit. The following is a brief discussion of each type of Common Element.

#### **A. Limited Common Elements**

The Limited Common Elements include, by way of description, but not by way of limitation, those portions of the Common Elements which are restricted to the exclusive use of one Unit Owner. Specifically, the Limited Common Elements include each Unit's appurtenant walkway and driveway. The 4 Units fronting on MacCulloch Avenue will have Limited Common Element yard areas. The Limited Common Elements are graphically depicted in Exhibit B and Exhibit C of the Master Deed, which Master Deed is attached hereto as Schedule 1. The responsibility for maintaining the Limited Common Elements is discussed in further detail in the section of the Public Offering Statement entitled, "The Association, Management and Operation of the Common Elements."

#### **B. General Common Elements**

The General Common Elements include all of the Common Elements that are not Limited Common Elements. Specifically, the General Common Elements include the land, all appurtenances and facilities that are not otherwise part of the Units or Limited Common Elements such as the sewer lines, street lights, fire hydrants, all parking spaces designated for use by handicapped persons, if any, landscaped areas, any sidewalks, etc. The lawn areas (including the Limited Common Element yards associated with 4 Units fronting on MacCulloch Avenue) will be irrigated. The Association shall be responsible for the maintenance, repairs and replacement of the irrigation system and the water costs associated with same. The General Common Elements are more graphically depicted on Exhibit B to the Master Deed, which Master Deed is attached hereto as Schedule 1. Developer reserves the right, in its discretion, to

alter the General Common Elements as necessary to properly develop the Project in Developer's sole and absolute discretion.

**C. Reserved Common Elements**

The Board shall have the power in its discretion to: (i) designate from time to time certain General Common Elements as "Reserved Common Elements"; (ii) grant reserved rights therein to the Association and to any or less than all of the Unit Owners; (iii) establish a reasonable charge to such Unit Owners for the use and maintenance thereof; and (iv) promulgate, adopt, amend, publish and enforce such rules and regulations as it shall deem appropriate governing the use thereof. Such designation by the Board shall not be construed as the sale or disposition of the General Common Elements. Any fee paid for such reserved right shall be paid to the Association and shall be available for use by the Association in the same manner as Common Expense assessments. Despite the foregoing, no part of the General Common Elements shall be designated as Reserved Common Elements for exclusive use by non-Unit Owners, except for non-Unit Owners who are lessees in occupancy. Under such circumstances, the Unit Owner must accept, in writing, primary responsibility and liability for any General Common Element that is to be designated as a Reserved Common Element for exclusive use by the Unit Owner's lessee before such designation can be made for the benefit of the lessee.

**THE ASSOCIATION, MANAGEMENT AND OPERATION  
OF THE COMMON ELEMENTS**

The creation of the Condominium is governed by the New Jersey Condominium Act, (N.J.S.A. 46:8B-1 et seq.). The Planned Real Estate Development Full Disclosure Act, (N.J.S.A. 45:22A-21 et seq.), and the regulations promulgated thereunder, (N.J.A.C. 5:26-1.1 et seq.), govern the offering for sale of the Units. In addition, all multiple dwellings in New Jersey are subject to the Hotel and Multiple Dwelling Law, (N.J.S.A. 55:13A-1 et seq.), including those which are held under the condominium form of ownership. This law governs the maintenance and upkeep of some of the structures discussed herein. The Morristown Square Condominium Association, Inc., (the "Condominium Association" or the "Association"), a non-profit corporation to be formed under the authority of N.J.S.A. 15A:1-1 et seq., is required by the New Jersey Condominium Act to administer the Condominium. The Developer will cause the Condominium Association to be registered in accordance with the terms of the Hotel and Multiple Dwelling Law if necessary.

Upon conveyance to each purchaser of that purchaser's Unit, the purchaser automatically becomes a member of the Condominium Association. The Condominium Association is charged with the responsibility of the maintenance, management, operation, repair and replacement of the Condominium's Common Elements, with the exception of certain responsibilities for certain Limited Common Elements which are the individual responsibility of Unit Owners as briefly discussed below and as discussed in greater detail in the Master Deed, which Master Deed is attached hereto as Schedule 1.

### **GOVERNANCE OF THE CONDOMINIUM ASSOCIATION**

The Condominium Association's responsibility is fulfilled through a Board of Trustees ("Condominium Board") which is empowered by the terms of the Condominium Association's Bylaws to employ any person, firm or corporation to assist it in the performance of its duties. The Condominium Association has entered into an agreement with Reliance Property Management Group, having an address of P.O. Box 501, Metuchen, NJ 08840 (an independent management company that is not owned, operated, or controlled by, or otherwise affiliated with the Sponsor), as a management company to undertake such administrative duties as the awarding of maintenance contracts, collecting of assessments, day-to-day maintenance of the Common Elements, and providing such other services as may be necessary or required pursuant to the Master Deed, the Bylaws of the Condominium Association and its Certificate of Incorporation, each of which are attached to the Master Deed as Exhibits E and F, respectively, which Master Deed is attached hereto as Schedule 1. The form of management agreement is attached hereto as Schedule 3.

Initially, the Board is to be comprised of three individuals appointed by the Developer, none of which need be a Unit Owner. As Units within the Condominium are conveyed by the Developer, the number of Board Trustees will be expanded from three to five and Unit Owners will be elected to the Board in addition to the three Developer-appointed Board Trustees. Finally, the Board will contract back to three Trustees upon conveyance of the last Unit by the Developer. The "turnover of control" of the Board by Developer to Unit Owners, other than Developer, is required by New Jersey law, and is based upon the total number of Units contemplated by Developer for incorporation within the Condominium as same is presently proposed for full development (i.e., 18 Units). The "turnover of control" of the Board will occur as follows:

(a) within 60 days after the Sponsor has conveyed title to 25% of the Units proposed for the Condominium (i.e., 5 of the presently proposed 18 Units), the Unit Owners other than the Sponsor will elect one Trustee who shall replace one of the initial three Trustees on the Board appointed by the Sponsor, and the total number of Trustees on the Board will remain at three.

(b) within 60 days after the Sponsor has conveyed title to 50% of the Units proposed for the Condominium (i.e., 9 of the presently proposed 18 Units), the Unit Owners other than the Sponsor will elect a second Trustee and the Sponsor will appoint a third Trustee, and the Board will then consist of five Trustees.

(c) within 60 days after the Sponsor has conveyed title to 75% of the Units proposed for the Condominium (i.e., 14 of the presently proposed 18 Units), or five years from the date of the recording of the Master Deed, which Master Deed is attached hereto as Schedule 1, whichever occurs first, two of the Sponsor appointed Trustees on the Board will resign and the number of Trustees on the Board will be reduced to three (with the Unit Owners other than the Sponsor having elected two of the three Trustees). Sponsor will have the right to retain one Trustee on the three member Board until Sponsor has conveyed title to the last Unit within the Condominium in the normal course of business or such earlier time as the Sponsor may determine.

In the event that the Developer elects to develop fewer Units, transfer of control of the Association will occur based upon the forgoing percentages relative to the total number of Units that are constructed in the Condominium.

All Developer-appointed Trustees shall serve until their successors have been appointed by Developer or elected by the Unit Owners other than Developer, in accordance with the Bylaws. Until the time that the Unit Owners other than Developer, are entitled to elect the entire Board, all Unit Owner elected Trustees will serve for terms ending upon the earlier of (i) two years from the date of their commencement; or (ii) the first annual meeting occurring after the Unit Owners, other than Developer, are elected to elect the entire Board. At the first annual meeting after the Unit Owners are entitled to elect the entire Board, an election for all Trustees will be held and the candidate receiving the highest number of votes will serve for three years, the two other candidates will each serve for two years. All future terms will be for two years, it being the intent that no more than two Trustee terms will expire in any given year. The terms

and procedures for the appointment and election of Condominium Board Trustees are described in detail in the Condominium Association's Bylaws (Exhibit E to the Master Deed, which Master Deed is attached hereto as Schedule 1).

The Master Deed contains provisions relating to the respective rights and obligations of Unit Owners and the Condominium Association with regard to the Units and the Common Elements. The respective maintenance, repair and replacement responsibilities of Unit Owners and the Condominium Association relative to the Units and the Common Elements are set forth in detail in Article 8 of the Master Deed that is attached hereto as Schedule 1.

The Developer strongly recommends and encourages purchasers of Units to carefully examine the entire Master Deed that is attached hereto as Schedule 1 so as to fully familiarize themselves with same prior to acquiring title to a Unit within the Condominium.

#### **GOVERNANCE RULES APPLICABLE TO THE CONDOMINIUM ASSOCIATION**

Nothing contained herein to the contrary shall serve to exculpate members of the Condominium Board appointed by the Sponsor from their fiduciary responsibilities. While the Sponsor maintains a majority of the Trustees of the Condominium Board, it will have an annual audit of the Condominium Association's funds prepared by an independent accountant, a copy of which shall be delivered to each member of the Condominium Association within 90 days of the expiration of the fiscal year of the Condominium Association. The audit shall cover the operating budget and reserve accounts (discussed below). The Sponsor is not permitted to cast any votes held by it for unsold Units for the purpose of amending the Master Deed, the Condominium Association Bylaws, or any other document for the purpose of changing the permitted use of a Unit or for the purpose of reducing the facilities owned or cared for by the Condominium Association.

In addition, while the Sponsor maintains a majority of representation of the Condominium Board, it shall take no action which adversely affects a Unit Owner's right under N.J.A.C. 5:25-5.5. Claims relative to defects in the Common Elements shall be processed in accordance with N.J.A.C. 5:25-5.5.

Despite the assumption of control of the Condominium Board by the Unit Owners other than the Sponsor, until the Sponsor has conveyed every Unit in the Project, the Condominium Board is prohibited by law from taking any action which may discriminate against the Sponsor, or which would be detrimental to the sale of Units by the Sponsor. Until the Sponsor conveys

the last Unit owned by it in the ordinary course of business, the Condominium Board will be required to continue to maintain the same level and quality of maintenance, operation and services as that provided by the Condominium Association immediately prior to the assumption of control of the Condominium Association by the Unit Owners. In the event that the Condominium Board takes any action contrary to the foregoing, Sponsor shall have the right to veto such action within 10 days. This veto right shall continue until the Sponsor conveys the last Unit owned by it in the ordinary course of business.

Pursuant to N.J.A.C. 5:26-8.2, subject to the instruments of creation, the Condominium Association may do all that it is legally entitled to do under the laws of the Condominium Association's formal organization. The Condominium Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of its members. The Condominium Association shall provide a fair and efficient procedure for the resolution of disputes between individual Unit Owners and the Condominium Association, and between different Unit Owners, that shall be readily available as an alternative to litigation.

As part of its duties, the Condominium Association will procure and maintain casualty and liability insurance in its own name. To protect the Buildings, fire insurance and extended coverage, vandalism and malicious mischief endorsements will be carried, insuring the Buildings (except foundations and other areas normally excluded from coverage) with the exception of the contents of the Units. As such, this insurance does not protect the Unit Owner's Unit or personal property from casualty. The responsibility for insuring each Unit and personal property therein rests solely with the individual Unit Owners.

Comprehensive General Liability Insurance will be carried by the Condominium Association in the amount of at least \$1,000,000.00 combined single limit, covering all claims for bodily injury, property damage or personal injury arising out of any occurrence involving the Common Elements. This insurance does not protect the Unit Owners from liability arising out of occurrences on or in the Unit Owner's Unit. This insurance also does not cover property damage to personal belongings including furniture and fixtures or any upgrades purchased as options by the Unit Owner. The responsibility for insuring against such liability rests with the individual Unit Owners. It is recommended that purchasers consult with an insurance broker or agency to obtain advice as to the nature of coverage and policy limits of insurance which will best serve their individual requirements and needs.

## THE BUDGET AND CONDOMINIUM ASSOCIATION EXPENSES

Each Unit Owner is bound to contribute to the Common Expenses of operating the Condominium Association and repairing, operating, maintaining, and replacing the Common Elements, except as otherwise specifically provided (the "Association Expenses" or "Common Expenses"), equally based upon the number of Units established within the Condominium. These obligations are satisfied by the payment of monthly assessments of Association Expenses established from time to time by the Board (the "Monthly Maintenance Charge"). The water service for the Project will be metered by a master water meter. The Association will pay the water bill associated with the master water meter and the water charges will be part of the Common Expense apportionment, which Common Expenses, including water charges, are assessed equally based upon the number of Units established within the Condominium. The sewer charges will be billed to each Unit Owner directly by the Town of Morristown outside of the Common Expense apportionment.

Each year, the Board will prepare an annual budget for the Association. The Association Expenses for which all Units will be responsible include, but are not limited to, the estimated costs for the operation, maintenance, repair and replacement of the General Common Elements, and the Limited Common Elements (except for the routine cleaning of any walkways, driveway and yards associated with the Units, if any), including the estimated costs for the operation of the Association and amounts which are to be placed in separate accounts as reserves for the future maintenance and replacement of the Common Elements. Attached hereto as Schedule 2 is the current projected annual operating budget (the "Budget") for the Association for the management and operation of the entire Project (18 Units) with a letter of adequacy for the Budget and the insurance coverages being provided by the Association. The Budget includes the costs of professional fees, utilities, general and administrative expenses and grounds maintenance (lawn fertilization and mowing) and other expenditures for the Common Elements.

The Municipal Services Act, N.J.S.A. 40:67-23.2 et seq., as amended by Chapter 6 of the Public Laws of 1993 (the "Act"), requires municipalities to reimburse "qualified private communities" for the costs of certain municipal services not provided thereto or to provide those services. The Town of Morristown has indicated that they will be able to provide trash and recycling services and will reimburse for street lighting and snow removal costs pursuant to the terms of the Act. However, no definitive agreement has been reached with the Town of



Morristown for providing municipal services through the community and accordingly no amount has been included in the forecast in the Budget. In light of the uncertainties as to how the Act might benefit the Association as of the date of the forecast in the Budget, the forecast in the Budget has taken the more cautious and conservative approach of assuming that the Association will receive no economic benefit under the Act.

The Monthly Maintenance Charge for the Condominium Association is allocated for the first year of occupancy based upon the Budget attached as Schedule 2 and includes the monthly reserve assessment for the replacement of the Common Elements. So long as the Sponsor controls the Board, reserves for replacement of the Common Elements and portions of the Units will form a part of, and be included in, the Budget. The Monthly Maintenance Charge in future years, as established by the Board, will be based upon then-known reserve requirements as and when future Budgets are adopted.

Until the conveyance of title to the first Unit, the Sponsor shall be solely responsible for all Common Expenses including insurance and fidelity bond premiums, if applicable. Following the first conveyance, the Owners of the Units to whom title has been conveyed shall be responsible for their proportionate share of all Common Expenses and the Sponsor shall be responsible for payment of any operating deficit for each fiscal year after taking into account any other revenues of the Association except working capital and replacement reserve contributions made by the Unit owners at the time of acquisition of title from the Sponsor. This means that the Sponsor shall pay the difference between the total amount assessed and due from the individual Unit owners and the actual amount of operating expenses incurred during the Association's fiscal year. Any expenses incurred beyond budgeted amounts due to unforeseen events shall be borne equally by all sold and unsold Units with certificates of occupancy, but still owned by the Sponsor. Sponsor shall not be responsible for operating deficits caused by delinquencies of the Unit Owners. The Sponsor will also pay a proportionate share of common assessments for each unit with a certificate of occupancy, if not yet conveyed to individual Unit Owners. If multiple dwellings are located in one building and at least one certificate of occupancy has been issued, the Sponsor shall be responsible for payment of replacement reserves for all unsold Units in the building whether completed or under development. After the Sponsor relinquishes control of the Board, the Sponsor shall only be responsible for payment of its proportionate share of the budgeted Common Expenses for all the Units which have been declared of record but not yet



conveyed to individual Unit owners in proportion to the benefit derived from the items included in the budget. At the time of relinquishing control of the Board to the Unit Owners, the Sponsor shall turn over all the working capital and replacement reserve contributions collected from the Unit owners to the Association as per the accounting by an independent accountant.

The Budget is not intended, and should not be taken, to constitute a guaranty by Sponsor that the Monthly Maintenance Charge or revenue and income received for the first or succeeding fiscal years of operation of the Condominium Association will be as set forth in the Budget, and it is likely that the actual Monthly Maintenance Charge will vary from the amounts shown. The Sponsor has not undertaken to guaranty the amount of the Monthly Maintenance Charge payable by Unit Owners, or to assume responsibility for any increase in the amounts as presently projected in the Budget. The Sponsor's sole liability with respect to the Monthly Maintenance Charge shall be to pay the amounts assessed against the Units owned by the Sponsor as described above, if any.

If the actual expenses incurred by the Association for any particular year exceed those which have been estimated in the Budget, the Board has the power to impose a special assessment to cover the deficiency. In addition, the Board is empowered under its enabling documents to levy a special assessment to defray the cost of any emergency or other repair or replacement of, or improvement to the Common Elements. An expenditure for any repair or replacement of, or improvement to, the Common Elements is assessed against the Unit Owners in the same manner as the Association Expenses. So long as the Sponsor maintains a majority of the Board, it shall make no additions, alterations, improvements or purchases not contemplated by this Public Offering Statement which would necessitate either a special assessment, or a substantial increase in the Monthly Maintenance Charges, unless required by a government agency, title insurance company, mortgage lender, or in the event of an emergency.

Until the conveyance of title to the first Unit, the Sponsor shall be solely responsible for payment of all Association Expenses.

As indicated above, each Unit Owner is required to pay his/her regular assessments and special assessments to the Condominium Association when the same are due. Under the terms of the Condominium Association's Bylaws, should a Unit Owner fail to pay his/her applicable Monthly Maintenance Charge as assessed and fail to comply with the written notice from the Condominium Association to make said payment, the Unit Owner may lose the privilege of

paying the annual maintenance fee on a monthly basis and if a default in the payment of such Monthly Maintenance Charge is not cured, the Condominium Association can accelerate the due date for all assessments thereafter due to the Condominium Association for the balance of the fiscal year and require that they be paid in one lump sum payment. The Condominium Association may then institute a lawsuit against the delinquent Unit Owner to compel payment of any unsatisfied regular or special assessments or other charges due and payable to the Condominium Association. The Condominium Association can also obtain a monetary judgment in court against a delinquent Unit Owner on a personal basis. Any delinquent Monthly Maintenance Charge also constitutes a lien against the Unit. As such, the Condominium Association may foreclose upon the lien for unpaid Monthly Maintenance Charges and have the Unit sold at sheriff's sale to satisfy that lien, in the same manner as if that lien were a real estate mortgage against that Unit.

While the Sponsor maintains a majority of representation on the Board, the Sponsor shall post, at the Condominium Association's expense, a fidelity bond or other guarantee acceptable to the Department of Community Affairs in an amount equal to the annual Budget of the Condominium Association. Beginning with the first anniversary date of the recording of the Master Deed in the Morris County Clerk's Office, and for succeeding years thereafter in which the Sponsor appoints a majority of the Board, the amount of the bond or other guarantee shall also include accumulated reserves. The Condominium Association is responsible for paying the premiums on such bond as an operating expense of the Condominium Association.

Further, so long as the Sponsor appoints a majority of the Board, the Board shall obtain an annual audit of the Condominium Association's funds prepared by an independent accountant, a copy of which shall be delivered to each Unit Owner within 90 days of the expiration of the fiscal year of the Association. The audit shall cover the operating Budget and reserve accounts.

### **THE COMMUNITY**

The information provided below is as of the date of registration of this Public Offering Statement. The following is a brief list of some of the amenities surrounding the Condominium, as of the date of registration of this Public Offering Statement:

Police/Fire/EMS. The Morristown Police Department, located at 200 South Street, is approximately .5 mile from the Condominium. The Town of Morristown is served by the

Morristown Fire Department located at 161 Speedwell Avenue, Morristown, New Jersey, which is approximately 1 mile from the Condominium. The Morristown Ambulance Squad, located at 16 Early Street, is approximately .5 mile from the Condominium.

Hospitals. Morristown Medical Center, located at 100 Madison Avenue, Morristown, is approximately 1 mile from the Condominium; and St. Clare's Hospital, located at 25 Pocono Road, Denville, is approximately 7 miles from the Condominium. There is an Urgent Care Center located at 130 Speedwell Avenue, Morris Plains, which is approximately 1.8 miles from the Condominium.

Schools. The following schools serve the Morris School District (serving Morristown): Alfred Vail Elementary (K-2), located at 125 Speedwell Avenue, is approximately 1.6 miles from the Condominium; Hillcrest Elementary (K-2), located at 160 Hillcrest Avenue, is approximately 1 mile from the Condominium; Woodland Elementary (K-2), located at 51 Johnston Drive, is approximately 1.2 miles from the Condominium; Sussex Avenue Elementary (3-5), located at 125 Sussex Avenue, is approximately 1 mile from the Condominium; Alexander Hamilton Elementary (3-5), located at 24 Mills Street, is approximately .5 mile from the Condominium; Thomas Jefferson Elementary (3-5), located at 101 James Street, is approximately .5 mile from the Condominium; Normandy Park School (K-5), located at 19A Normandy Parkway, is approximately 1.8 miles from the Condominium; Frelinghuysen Middle School (6-8), located on Jane Way, is approximately 2.3 miles from the Condominium; and Morristown High School (9-12), located at 50 Early Street, is approximately .5 mile from the Condominium.

Banks. The following banks are within .5 mile of the Condominium: Chase Bank, located at 17 Park Place; Capital One Bank, located at 133 South Street; PNC Bank, located at 22 South Street; Bank of America, located at 188 South Street; and Wells Fargo, located at 21 South Street.

Shopping. Century 21 Department Store, located at 1 North Park Place, is approximately .3 miles from the Condominium; Wal-Mart and TJ Maxx, located at 235 Ridgedale Avenue, Cedar Knolls, are approximately 1.7 miles from the Condominium; The Midtown Shopping Center, located at 74 Morris Street, is approximately .5 miles from the Condominium; Kohl's, located at 1171 Route 10, Morris Plains, is approximately 3 miles from the Condominium. The Morristown Plaza, located at 161 Madison Avenue, is approximately 1.3 miles from the

Condominium. The Short Hills Mall, located in Short Hills, is approximately 7.5 miles from the Condominium. The Livingston Mall, located in Livingston, is approximately 7 miles from the Condominium.

Kings Super Market, located at 191 South Street, is approximately .5 miles from the Condominium; A&P, located at 110 Washington Street, is approximately .8 miles from the Condominium; Foodtown, located at 235 Ridgedale Avenue, Cedar Knolls, is approximately 1.5 miles from the Condominium; and Whole Foods, located at 222 Main Street, Madison, is approximately 5 miles from the Condominium.

Places of Worship. The following are located within the 1 mile of the Condominium: The Presbyterian Church of Morristown, located at 57 East Park Place; Morristown United Methodist Church, located at 50 South Park Place; First Baptist Church, located at 51 Washington Street; Iglesia Evangelica Hispana, located at 39 Maple Avenue; Morristown Jewish Center, located at 177 Speedwell Avenue; Calvary Baptist Church, located at 10 Martin Luther King Avenue; and Temple B'nai Or, located at 60 Overlook Road.

Restaurants. The following are located within 1 mile of the Condominium: Famished Frog, located at 18 Washington Street; Office Beer Bar & Grill, located at 3 South Street; Grand Café, located at 42 Washington Street; Sirin Thai Restaurant, located at 3 Pine Street; Sushi Lounge, located at 12 Schuyler Place; Grasshopper off the Green, located at 41 Morris Street; Anthony's Pizza and Pasta, located at 47 South Park Place; Provesi Italian Restaurant, located at 50 South Street; Roots Steakhouse, located at 40 West Park Place; and Qdoba Mexican Grille, located at 40 North Park Place.

Parks/Recreation. The following are located within 2 miles of the Condominium: Budd Street Recreation Area, located on Budd Street; Morristown Green, located on No. Park Place; Morristown National Historical Park, located at 30 Washington Place; the Frelinghuysen Arboretum, located at 353 East Hanover Avenue, Whippany; Abbett Avenue Playground, located on Garfield Street.

Spring Brook Golf/Country Club, located on Spring Brook Road in Morristown and Morris County Golf Club, located on Punch Bowl Road in Morristown, are within 2 miles of the Condominium. Pinch Brook Golf Course located on Ridgedale Avenue in Florham Park and Basking Ridge Country Club, located on Madisonville Road in Basking Ridge, are within 6 miles of the Condominium.

Transportation. Newark-Liberty International Airport, located in Newark, is approximately 17 miles from the Project. Morristown Municipal Airport, located on Airport Road, Morristown, is approximately 3 miles from the Project. Teterboro Airport, located in Teterboro, is approximately 23 miles from the Project. Some of the highways easily accessible from the Project include I-287, Route 24 and Route 202.

### **THE MASTER DEED**

The Sponsor will record a Master Deed which will apply to all of the Units and Common Elements within the Project. Each purchaser of a Unit will be obligated to comply with all of the terms and conditions of the Master Deed which is attached hereto as Schedule 1. The purpose of the Master Deed is to ensure that the Project will continue to be maintained as a condominium community of the same quality as designed and intended by the Sponsor. It is recommended that the Master Deed be reviewed in its entirety by all prospective purchasers. Included in the Master Deed's restrictions on the use of each Unit and the Common Elements in the Project are the following:

1. No vehicle larger than a panel bearing a commercial license plate, mobile home, recreational vehicle, boat or other watercraft, boat trailer or the like, nor any unlicensed, inoperative, unused or disabled vehicle of any type shall be parked within any part of the Condominium, without the prior written consent of the Board of Trustees, except those vehicles temporarily within the Condominium for the purpose of servicing the Condominium or one of the Units subject to the rules and regulations of the Condominium Association. This restriction shall not apply to Sponsor.
2. All trash or garbage disposal and recycling shall be in accordance with the trash and recycling plan for the Project approved by the Town of Morristown. This plan includes truck access, and provides that the trash and recycling collection will occur at the northwest ends of the alley ways within the Project or where the main internal access drive intersects with Maple and MacCulloch Avenues. Unit Owners shall also conform with any Association rules and regulations pertaining to trash and recycling.
3. There are limitations on the ability of Unit Owners to lease their Units which include a prohibition on leases having a duration of less than one year and the use of a Unit for hotel or transient purposes. In addition, no Unit Owner may lease less than his entire Unit. This limitation shall not be deemed to restrict the right of an Owner to permit employees or family

members of a Unit Owner from temporarily occupying the premises from time to time for periods of less than one year.

4. Unless being used by Sponsor, all Units must be used for residential purposes.

5. No noxious or offensive activities may be carried out in any of the Units.

6. Individual Unit Owners are prohibited from placing any signage on their individual Units.

7. No Unit Owner or occupant shall burn, chop or cut anything in, on, over or above the Common Elements.

8. No bird, reptile or animal of any kind shall be raised, bred, or kept in any Unit or anywhere else upon the Property except that no more than a total of two, in the aggregate, domestic dogs, cats or birds are permitted provided that they shall be kept entirely within the confines of the Unit or whenever outside of the Unit, must at all times be accompanied on a leash or in a cage by the Unit Owner. All household pets must be kept in accordance with all rules and regulations adopted from time to time by the Association. In addition, no outside animal pens, runs or yards are permitted. So long as not raised for commercial purposes, a Unit Owner is permitted to keep an unlimited number of fish.

9. Central air conditioning is the only type of air conditioning permitted to be used for the Units.

10. Unit Owners with access to their garages from MacCulloch Avenue are required to keep their garage doors closed when the garages are not in use.

11. There are limitations on the placement of antennas and satellite dishes on the individual Units.

12. All Units and Limited Common Elements must be maintained in a safe, clean and sanitary manner. If not so maintained, the Condominium Association will have the right to perform the necessary work and assess the offending Unit Owners accordingly.

13. There are requirements that individual Unit Owners maintain fire and extended insurance covering their Units.

14. No person shall walk on, sit on, sunbathe on or otherwise use the roof of a Building for any purpose. Maintenance and repair personnel performing work on or involving the roof of the Buildings which has been authorized by the Sponsor or Association are exempt from this restriction.



15. There are prohibitions on the hanging of laundry, banners, etc. outside of the Units and limitations on the displaying of items on the outside surfaces of the Units.

16. All Unit Owners' use of the Condominium is subject to the limitations set forth in the document entitled "Deed Notice", a sample of which is attached to the Master Deed as Exhibit G, which Master Deed is attached hereto as Schedule 1. Once the actual Deed Notice is recorded with the Morris County Clerk, it will supercede the sample attached to the Master Deed as Exhibit G.

The foregoing is intended as a brief summary of some of the restrictions set forth in the Master Deed. It is recommended that all prospective purchasers carefully review the Master Deed in its entirety before deciding to purchase a Unit within the Project. In addition to the restrictions set forth in the Master Deed, each Unit will be subject to the rules and regulations which may be promulgated by the Condominium Association.

#### ENCUMBRANCES

The Property will be encumbered by the following:

1. Right-of-Way Agreement from James J. Gibney, Jr., and Mataro Mannino to Jersey Central Power & Light Co. and New Jersey Bell Telephone Company dated May 16, 1958, recorded on June 11, 1958 in Deed Book B66, Page 94. This agreement is for the purposes of erecting, maintaining, renewing, relocating, resigning, altering and removing poles, guys, anchors, guy stubs, crossarms, wires, cables and appurtenances in perpetuity for the transmission and distribution of electricity, the operation of communication systems, and in addition thereto, the right to erect and maintain such other wires or appurtenances on said poles and crossarms as deemed necessary.
2. Rights of others as recorded in Deed from Minnie D. Dougherty and Thomas H. Dougherty and Henry F. Dempsey and Theresa F. Dempsey to Eva B. Hipson dated April 22, 1933, recorded on November 28, 1933 in Deed Book P33, Page 177.
3. A Deed Notice to be filed associated with the environmental remediation for the Property.

The Property will be subject to the easements and covenants and such other conditions, restrictions and easements of record, if any, which are found in the sample title policy attached to this Public Offering Statement as Schedule 6, as well as to such other easements, agreements and

restrictions including, but not limited to, those required by utility companies and governmental agencies for the development, maintenance and operation of the Project.

### **MORTGAGES**

At the present time, the Sponsor has not entered into any financing of the construction of the Units and does not contemplate the financing of the construction of the Units or the remainder of the Project. However, in the event Sponsor does enter into the financing of the construction of the Units or in the event there will be a blanket encumbrance affecting the Project or a portion thereof, Sponsor shall amend the Application for Registration and shall provide a copy of the document creating it to the New Jersey Department of Community Affairs, Division of Codes and Standards with a statement of the consequence upon purchaser, if any, the obligations under the instrument and the manner upon which the lien, if any, shall be released. When a Unit is conveyed to a purchaser, the liens of all mortgages, if any, will be released and discharged from the Unit in order to permit the Unit to be conveyed to its purchaser free and clear of all liens of mortgages.

### **PUBLIC UTILITIES**

Water service for the Project will be supplied by Southeast Morris County Municipal Utilities Authority. The water service for the Project will be metered by a master water meter. The Association will pay the water bill associated with the master water meter and the water charges will be part of the Common Expense apportionment, which Common Expenses, including the water charges, are assessed equally based upon the number of Units established within the Condominium. Sewer service will be provided by the Town of Morristown. The sewer charges will be billed to each Unit Owner directly in four installments per year outside of the Common Expense apportionment. Gas service will be provided by PSE&G and electric service will be provided by JCP&L. Verizon or Cablevision of Morris is available to provide telephone and/or cable television service. Individual Unit Owners will be responsible for costs of gas, electric, telephone and cable television services, including any hook up costs.

### **REAL ESTATE TAXES**

The real estate tax equalization ratio (ratio of assessed to true valuation) and rate per \$100.00 of assessed valuation for the past three years in the Town of Morristown have been as follows:

<u>Year</u>	<u>Ratio</u>	<u>Rate</u>
2009	71.72%	\$2.528
2010	69.34%	\$2.585
2011	95.32%	\$2.635

The Sponsor makes no representation or warranty as to the amount of real estate taxes a Unit Owner will pay on an annual basis on any particular Unit. Each purchaser should conduct his/her own investigation as to the amount of any real estate taxes that will be due and payable on an annual basis to the Town. The New Jersey Department of Community Affairs has required that the Sponsor provide an estimate as to the amount of real estate taxes that purchasers of Units within the Condominium may be assessed by the Town. While the Sponsor cannot make such a calculation with any degree of certainty, based on the 2011 tax rate and ratio (as an estimation of what the tax assessor may use as a factor in determining a Unit's assessed value), and a Unit with a sales price of \$639,990.00, the taxes due on that Unit would be approximately \$16,075.00. The actual assessed value for a particular Unit will depend upon a variety of factors including, but not limited to, the purchase price of the Unit, the method of determination utilized by the tax assessor in a given year, the extent and nature of various options and/or extras that are added to a Unit by its purchaser, as well as other factors. As such, purchasers are encouraged to contact the tax assessor's office for the purpose of making their own inquiry about potential tax liability for a specific Unit.

There have been no special municipal improvements or other assessments against the Property within the past five years. Assessments for improvements to the Property will be adjusted as of the time of closing of title to the Unit in the Project. The Sponsor will be responsible for any improvements which have been completed prior to closing and for which the assessment has been confirmed. The purchaser will be solely responsible for any added assessments arising on or after the date of the closing of title to a Unit.

#### **METHOD OF SALE**

Persons interested in purchasing a Unit in the Project will enter into a purchase agreement (hereinafter referred to as the "Contract") with the Sponsor, the form of which is attached hereto as Schedule 4. The Sponsor is required by law to provide every purchaser with a copy of this Public Offering Statement covering the Unit being sold no later than the time at which the

Contract is executed by the purchaser. After receipt of the Public Offering Statement and following the signing of the Contract by the Sponsor and purchaser, the purchaser is given seven calendar days to rescind the Contract before a binding obligation is imposed upon purchaser and Sponsor. The prospective purchaser is free to engage legal counsel of his/her own choosing and at his/her sole expense relating to the purchase of the Unit. All deposits, down payments or other funds paid by the purchaser to the Sponsor in advance of closing shall be deposited at Provident Bank, 1580 Highway 35 South, Middletown, New Jersey 07748, to be held in escrow in the attorney trust account of Giordano, Halleran & Ciesla, P.C., 125 Half Mile Road, Middletown, New Jersey 07748, for at least the seven day period during which the purchaser may rescind the Contract. This account is non-interest bearing. Sponsor and Escrow Agent have entered into an Escrow Agreement governing the foregoing, a copy of which is attached hereto as Schedule 8, along with a Certification associated with the Escrow Agreement.

#### **CLOSING**

At the closing, the Sponsor will execute and deliver to the purchaser an Affidavit of Title as well as a Bargain and Sale Deed with Covenants Against Grantor's Acts conveying title to the Unit to the purchaser in fee simple. A copy of a sample unit deed is attached hereto as Schedule 5. No membership certificate in the Association is required or delivered. The purchaser's title to the Unit will be insured by a title company selected by purchaser (at purchaser's expense), as evidenced by an owner's policy of title insurance that will be delivered to the purchaser subsequent to closing. A copy of the sample title policy is attached hereto as Schedule 6.

In addition to the purchase price, the purchaser will be required to pay all closing costs incurred by purchaser including the purchaser's attorney's fees, mortgage application fees, mortgage processing fees, credit report costs, appraisal fees, commitment and other fees relating to obtaining any mortgage, real estate taxes, interest and insurance escrows, fire, flood and hazard insurance policy costs, private mortgage insurance premiums and escrows, if applicable, along with any other fees and escrows required by the mortgage lending institution, fee owner and mortgagee title insurance premiums with related examination of title fees, recording fees and the cost of a survey certificate if requested. It is also recommended that purchasers consult the Contract attached hereto as Schedule 4 for an additional list of a purchaser's expenses. At closing, purchaser must have available the original of a fire insurance policy with extended coverage, in the proper form and amount and from an insurance company acceptable to the

mortgage lending institution. Purchasers shall, prior to or at the time of closing, have paid the premium for the next 12 months following the date of closing. At the closing, the purchaser must also present such additional documents as may be required by their mortgage lending institution, if any.

In addition to the foregoing, at the time of closing of title, the purchaser will be required to pay to the Association a non-refundable, non-transferable working capital fee equal to two months' worth of the then current Monthly Maintenance Charge that shall be collected by the Sponsor (or in the event of a resale, by the purchaser or purchaser's attorney) at the time of each closing and remitted promptly to the Association after each closing for the purpose of providing the Association with a working capital fund to be used for unanticipated expenses of the Association. This money shall not be used for normal operating expenses. In the event these monies are used to meet unanticipated expenses of the Association, the monies will be replenished via a special assessment. Purchasers will also pay to the Association, in advance, his/her first month's Monthly Maintenance Charge as well as his/her pro-rata portion of the Monthly Maintenance Charge due to the Association for the month in which the closing takes place based upon the number of days left in the month at the time of closing. Beginning with the second full month of occupancy, the Monthly Maintenance Charge will be paid on a monthly basis to the Association as provided herein. The purchaser will also be required to pay a "mansion tax" in an amount equal to 1% of the total purchase price if such purchase price is in excess of \$1,000,000.00 pursuant to N.J.S.A. 46:15-7.2.

#### **TYPE OF SALES PROGRAM**

The Sponsor will offer Units for sale in the Project through most advertising media, including newspapers, magazines, radio and television, internet, billboards, direct mail solicitation and word-of-mouth.

#### **WARRANTIES**

Sponsor warrants the construction of the Unit in accordance with the provisions of the New Jersey New Home Warranty and Builder's Registration Act, N.J.S.A. 46:3B-1 et seq. (c.467,P.L. 1977) (the "Warranty Act"). Sponsor will provide Purchaser with a limited warranty in accordance with the requirements of the Warranty Act from the Professional Warranty Service Corporation (the "Warranty Plan"). Prior to purchaser's execution of a Contract, the purchaser

will be given and will have either read, or had the opportunity to read, a specimen copy of the Warranty Plan. A copy of the Warranty Plan is also available for review in the Sales Office. Sponsor is not obligated to repair or replace any part of the subject Unit unless: (i) it is covered by the Warranty Plan; (ii) it is the responsibility of the Sponsor pursuant to the Planned Real Estate Development Full Disclosure Act; or (iii) it is a code violation that is the responsibility of Sponsor.

Additionally, the Sponsor warrants the following:

- (a) that the residence to be acquired by the purchaser shall be fit for its intended use;
- (b) that the Common Elements are fit for their intended use, will be free of construction defects for a period of two years from the date of the completion of each common facility, and that all defects in construction material or workmanship discovered during such two year period will be repaired or corrected within a reasonable time after notification of the defect;
- (c) that the Unit acquired by the purchaser will substantially conform to the model, description or plans used to induce purchaser to enter into the Contract, unless otherwise noted in the Contract;
- (d) that the following will be free from defects due to material and workmanship for a period of one year from the date of Closing: out buildings, driveways, walkways, patios, retaining walls, and fences; and
- (e) that all drainage is proper and adequate and that all off-site improvements are free from defects for a period of one year from the date of construction.

**TO THE EXTENT PERMITTED BY LAW, SPONSOR EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY ARISING BY VIRTUE OF LAW OR ANY IMPLIED WARRANTY OF MERCHANTABILITY WITH RESPECT TO THE CONTRACT. THIS MEANS THAT THE ONLY WARRANTIES WHICH ARE GIVEN BY SPONSOR TO PURCHASER ARE THOSE LISTED IN THE CONTRACT. BY SIGNING THE CONTRACT, PURCHASER ACKNOWLEDGES THIS DISCLAIMER BY SPONSOR.**

**SPONSOR ALSO EXPRESSLY DISCLAIMS LIABILITY FOR ANY CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF ANY WARRANTY. THIS MEANS THAT SPONSOR WILL NOT BE RESPONSIBLE IF ANY PERSONAL PROPERTY IS DAMAGED BECAUSE OF A DEFECT IN ANY**

**WARRANTED ITEM. PURCHASER AGREES THAT PURCHASER MUST PURSUE PURCHASER'S RIGHTS UNDER THE WARRANTY PLAN BEFORE PURCHASER CAN BRING ANY OTHER ACTION FOR ANY REASON AGAINST SPONSOR.**

At closing, any unexpired warranties issued by the manufacturers or suppliers of appliances, equipment or other personal property installed in or sold with the Unit will be assigned by Sponsor to purchaser. Sponsor does not independently warrant any such appliance, equipment or other personal property except to the extent required in the Contract.

**INSULATIONS**

According to the requirements of Section 460.16 of the Trade Regulation Rules promulgated by the Federal Trade Commission with respect to the labeling and advertising of Home Insulation (16 CFR part 460), Sponsor hereby discloses and the purchaser hereby acknowledges receipt of the following information with respect to insulation that will be installed in the Units.

<u>LOCATION</u>	<u>R-VALUE</u>
Exterior Walls (2x4) (3 ½ inches thick)	R-13
Exterior Walls (2x6) (3 ½ inches thick)	R-19
Wood floors (over garage or outside air)	R-38
Concrete Floor (perimeter at grade)	R-10
Ceilings	R-38

**ADDITIONAL INFORMATION**

The latest yearly financial report of Sponsor is available at the sales office for examination by a prospective purchaser.

Docs #863868-v4

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1**  
**MASTER DEED**



**THIS PAGE INTENTIONALLY LEFT BLANK**

**MASTER DEED**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

Prepared by, record and return to:

---

Brian H. Harvey, Esq.  
Giordano, Halleran & Ciesla, P.C.  
125 Half Mile Road, Suite 300  
Red Bank, NJ 07701

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. Establishment of Condominium. ....	1
ARTICLE 2. Definitions.....	2
ARTICLE 3. General Description of the Condominium.....	4
ARTICLE 4. Unit Descriptions .....	4
ARTICLE 5. Description of Common Elements, Limited Common Elements, and General Common Elements.....	6
ARTICLE 6. Percentage Interests in the Common Elements; Common Expenses; Voting Rights of Unit Owners.....	8
ARTICLE 7. Association and Administration.....	10
ARTICLE 8. Maintenance and Capital Improvement Assessments; Lien for Unpaid Assessments; Maintenance Responsibilities.....	11
ARTICLE 9. Restrictions. ....	17
ARTICLE 10. Easements, Grants and Covenants.....	24
ARTICLE 11. Provisions for the Benefit of Mortgagees.....	28
ARTICLE 12. Damage or Destruction to Condominium Property.....	31
ARTICLE 13. Total or Partial Condemnation.....	33
ARTICLE 14. Amendments to this Master Deed.....	34
ARTICLE 15. Limitations on the Sponsor and Board as to Amendments.....	36
ARTICLE 16. General Provisions.....	36
ARTICLE 17. Sponsor's Rights and Obligations/Transfer of Rights.....	38
ARTICLE 18. Exhibits Attached Hereto and Made a Part Hereof.....	41
ARTICLE 19. Signatures.....	41

## MORRISTOWN SQUARE, A CONDOMINIUM

THIS MASTER DEED is made this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by PULTE HOMES OF NJ, LIMITED PARTNERSHIP, having an address of 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920-2335 (the "Grantor", "Developer", "or the "Sponsor").

WHEREAS, Developer is the owner of those certain lands and premises located in the Town of Morristown, County of Morris, State of New Jersey and currently being known and designated as, or to be known as, Block 6005, Lot 10 on the tax map of the Town of Morristown, which certain lands are more particularly described in the metes and bounds description and shown on the survey collectively set forth at Exhibit A attached hereto and made a part hereof, which lands and premises are hereinafter referred to as the "Property;" and

WHEREAS, presently the Property includes, or is planned to include, 18 attached, townhouse style condominium units (the "Units") contained in 4 buildings (the "Buildings"), which will be subject to the condominium form of ownership, together with certain other improvements, all as more particularly shown on that certain Condominium Plan entitled "Morristown Square, a Condominium, Block 6005, Lot 10, Town of Morristown, Morris County, New Jersey, Condominium Plan" dated April 11, 2012 prepared by Thomas J. Murphy, P.L.S., of D.W. Smith Associates, LLC, attached hereto and made a part hereof as Exhibit B and on those certain architectural drawings prepared by Feinberg & Associates, P.C., attached hereto and made a part hereof as Exhibit C; and

WHEREAS, this Master Deed is intended to establish the condominium form of ownership for the Property described in the metes and bounds description and shown on the survey collectively set forth at Exhibit A and shown on the Condominium Plan set forth at Exhibit B, to be known as Morristown Square, a Condominium (the "Condominium"); and

WHEREAS, Morristown Square Condominium Association, Inc., a New Jersey non-profit corporation (hereinafter referred to as the "Association"), has been or is about to be established as the condominium association to have the responsibility for the administration, operation and management of the Condominium, and the improvements intended for the common use and enjoyment of the residents of the Condominium; and

WHEREAS, all owners of Units in the Condominium will automatically be members of the Association, and be subject to this Master Deed and its amendments, if any, the Certificate of Incorporation and the By-Laws of the Association.

THEREFORE, WITNESSETH:

### ARTICLE 1. Establishment of Condominium.

1.1. Submission to the "Condominium Act." The Grantor does hereby submit, declare and establish Morristown Square, a Condominium in accordance with the "Condominium Act," P.L. 1969, c.257, (N.J.S.A. 46:8B-1 et seq.), for those parcels of land and appurtenant grants and rights described in the metes and bounds description and shown on the survey collectively set forth at Exhibit A and as more particularly shown at Exhibit B, and for any easement rights of

record benefiting the Property, subject to the Grantor's rights to amend as set forth in this Master Deed.

1.2. Recordation of Master Deed. Upon the recording of this Master Deed and the establishment of the Condominium thereby, the Grantor shall be the owner of every Unit hereby established and each Unit's appurtenant respective ownership interest in the Common Elements (as hereinafter defined) and have the right to sell and convey, lease or otherwise dispose of each such Unit as it may deem appropriate in its sole discretion. The Grantor reserves the right to alter the layout, size and type of Units as well as the type of housing offered by Grantor such that the configuration shall rest solely within the sole and absolute discretion of Grantor.

## **ARTICLE 2. Definitions.**

2.1. General. The following words and terms when used in this Master Deed, the Certificate of Incorporation or the By-laws, shall have the following meanings unless context clearly indicates otherwise. All definitions set forth in N.J.S.A. 46:8B-3 are incorporated herein by reference and the definitions set forth herein shall be used in conjunction therewith, unless the context clearly indicates otherwise.

2.2. "Appurtenance" shall mean those rights and interest in other property, including but not limited to, easements and rights of way necessary for the enjoyment of the Property.

2.3. "Association" shall mean the Morristown Square Condominium Association, Inc., a New Jersey non-profit corporation, formed to administer, manage and operate the common affairs of the Unit Owners of the Condominium and, with limited exception, to maintain, repair and replace the Common Elements of the Condominium as provided in this Master Deed and the By-laws.

2.4. "Board" shall mean the Board of Trustees of the Association and any reference herein or in the Certificate of Incorporation, By-laws or Rules and Regulations to any power, duty, right of approval or any other right of the Association shall be deemed to refer to the Board and not the membership of the Association unless the context expressly indicates to the contrary.

2.5. "Building" shall mean and refer to any or all of the enclosed structures containing Units and structural improvements appurtenant thereto which are now or hereafter located on the lands described at Exhibit A and shown at Exhibit B as those Exhibits are hereinafter amended and supplemented from time to time pursuant to this Master Deed.

2.6. "By-laws" shall mean the By-laws of the Association, a copy of which document is attached hereto and made a part hereof at Exhibit E together with all future amendments and supplements thereto.

2.7. "Certificate of Incorporation" shall mean the Certificate of Incorporation of the Association which is attached hereto and made a part hereof at Exhibit F, together with all future amendments and supplements thereto.

2.8. "Common Elements" shall have the same meaning as "Common Elements" pursuant to N.J.S.A. 46:8B-3d.

2.9. "Common Expenses" shall mean those Common Expenses which are the responsibility of all of the Unit Owners as provided in this Master Deed and the By-laws.

2.10. "Condominium" shall mean (i) all the lands and premises described in the metes and bounds description and shown on the survey collectively set forth at Exhibit A and shown on the Condominium Plan set forth at Exhibit B; (ii) any easement rights of record benefiting the Property; (iii) all improvements now or hereinafter constructed in, upon, over or through such lands and premises; (iv) all privileges or appurtenances pertaining or belonging to the land described in the metes and bounds description and shown on the survey collectively set forth at Exhibit A and shown on the Condominium Plan set forth at Exhibit B; and (v) the entire entity created by the execution and recording of this Master Deed.

2.11. "Condominium Act" shall mean the provisions of N.J.S.A. 46:8B-1 et seq. and all applicable amendments and supplements thereto; also referenced to herein as "the Act."

2.12. "General Common Elements" shall mean the Common Elements that are not Limited Common Elements.

2.13. "Institutional Lender" shall mean and refer to any bank, mortgage banker, trust company, insurance company, savings and loan association, pension fund or other financial institution or governmental agency providing, acquiring, insuring, guaranteeing or proposing to provide, acquire, insure or guarantee mortgages. The term shall also mean the Federal National Mortgage Association, the Veterans Administration, the Federal Home Loan Mortgage Corporation, and the Federal Housing Administration and any other similar governmental or quasi-governmental agency/entity that provides, insures or guarantees or acquires mortgages.

2.14. "Lease" shall mean any agreement for the leasing or rental of any Unit in the Condominium.

2.15. "Limited Common Elements" shall have the same meaning as "Limited Common Elements" pursuant to N.J.S.A. 46:8B-3k, which are for the use and benefit of a specific Unit to the exclusion of other Units, as more particularly described in Article 5 hereof.

2.16. "Master Deed" shall mean the Master Deed for Morristown Square, a Condominium together with all future amendments and supplements that are recorded in the Office of the Morris County Clerk.

2.17. "Member" shall mean all those Unit Owners who are members of the Association as provided in the Certificate of Incorporation and further explained in the By-laws.

2.18. "Mortgage" shall mean any mortgage encumbering a Unit held by an Institutional Lender, or which is a purchase money mortgage held by the seller of a Unit, or any mortgage lien which is expressly subordinate to any existing or future Common Expenses assessment liens imposed against a Unit by the Association except as otherwise provided by law.

2.19. "Mortgagee" shall mean a holder of any Mortgage on a Unit.

2.20. "Owner" or "Unit Owner" shall mean any person and/or entity in whom record fee-simple title to any Unit is vested as shown in the records of the Morris County Clerk's Office, including the Sponsor unless the context expressly indicates otherwise, but not including Mortgagees and/or trustees holding title under a Deed of trust and not including any lessees or tenants of a Unit Owner.

2.21. "Project" shall mean and refer to the project known as Morristown Square, a Condominium as depicted at Exhibit B hereto.

2.22. "Rules and Regulations" shall mean those rules and regulations of the Association that may be promulgated by the Association, and future amendments and supplements thereto.

2.23. "Sponsor", "Developer" or "Grantor" shall mean and refer to Pulte Homes of NJ, Limited Partnership, its successors and assigns.

2.24. "Unit" shall have the same meaning as "Unit" pursuant to N.J.S.A. 46:8B-3(1) except as modified by Article 4 hereof.

### **ARTICLE 3. General Description of the Condominium.**

3.1. The Condominium is intended to consist of approximately 1.533 acres of land containing 4 Buildings of Units in which there will be a total of 18 Units of varying sizes and types subject to the Condominium form of ownership and Common Elements as shown on Exhibits B and C attached hereto and made a part hereof, including all rights, privileges, roads, waters and appurtenances thereto belonging to or appertaining. Developer reserves the right to alter the number of Units and their model types in its discretion by way of amendments to the Master Deed.

3.2. Each Unit is identified by a separate Unit number.

### **ARTICLE 4. Unit Descriptions**

4.1. Units. The approximate dimensions, areas, names of models and locations of Units within the Condominium are shown at Exhibit C of this Master Deed. Each Unit is intended to contain all of the space, excluding Common Elements, within the limits defined as follows:

4.1(a) BOTTOM: The bottom is an imaginary horizontal plane along and coincident with the lowest point of the interior surface of each portion of the lowest subfloor or concrete slab within the Unit and extending in every direction to the point where it closes with the sides of such Unit.

4.1(b) SIDES: The sides are imaginary vertical planes along and coincident with the innermost surface of the dry wall of the Unit. The sides are bounded by the bottom and top of the Unit.

4.1(c) TOP: The top is an imaginary plane along and coincident with the innermost surface of the ceiling dry wall in all directions to the points where it closes with every side of the Unit.

4.2. Items included in the Unit. Each Unit also includes garages, systems, including fire suppression systems, interior fixtures, appliances, non-load bearing interior walls (partitions), interior and exterior doors (including garage doors) and door frames, windows and window frames, wall and floor coverings, electrical equipment (i. e., outlets, switches, breaker boxes), the heating/ventilation/air conditioning unit(s) that serve the Unit exclusively, except any portion(s) of which are concealed within the Common Elements and not readily accessible to the Unit Owners, and all other improvements located within, or appurtenant to the Unit as set forth in Article 4.1, which are exclusive to such Unit although all or part thereof may not be located within the Unit, and shall include, but not be limited to the following individual appurtenances:

4.2(a) So much of the water plumbing system which serves only one Unit and located within the interior air space of that Unit; and

4.2(b) So much of the sewer plumbing system which serves only one Unit and located within the interior air space of that Unit; and

4.2(c) All electrical wires, switches, outlets and circuit breakers which serve only one Unit and located within the interior air space of that Unit; and

4.2(d) All master antennae or cable television wiring which serve only one Unit and located within the interior air space of that Unit that are not owned by the supplier of such service; and

4.2(e) All telephone wires which serve only one Unit and located within the interior air space of that Unit that are not owned by the supplier of such service; and

4.2(f) All utility meters not owned by the public utility agency supplying the service; and

4.2(g) Any hot water heater serving the Unit exclusively; and

4.2(h) Any patios or decks, stoops, landings, front entry stairs, porch lights (each Unit Owner is responsible for the cost of electricity) if any and as applicable, serving the Unit exclusively; and

4.2(i) The heating/ventilation/air conditioning system which serves only one Unit, whether or not located within the interior air space of the Unit, including, but not limited to, compressors, heat pumps and other machinery which may be located within the walls or exterior of the Unit.

4.3. Interior Partitions. No Unit may be legally subdivided or partitioned without the prior written approval of the Board and any Mortgagee for such Unit, except that Sponsor will not be required to obtain the approval of the Board.



In the event that any governmental approvals are required to make any of the aforesaid alterations, any such approvals will be the sole responsibility of the Unit Owner making the changes.

4.4. Joining Units.

4.4(a) Unit Owners may physically join two or more Units to form a single residence provided that (a) all applicable laws, codes, governmental approvals, this Master Deed, the By-laws and the Rules and Regulations are complied with; (b) the joining of the Units does not impair the structural integrity, mechanical systems or lessen the support of the Common Elements; and (c) the joining of the Units does not change the exterior appearance of the Units without the approval of the Association, provided that the Sponsor's joining of Units before they are conveyed to third parties does not require Association approval. Joining of Units by their Unit Owners after the Sponsor has conveyed title to them must first be approved by the Association and any Mortgagee of the affected Units. Combined Units will have the total percentage of interest in the Common Elements, voting rights and the obligation towards the Common Expenses of the Units combined. The percentage of interest in the Common Elements appurtenant to all Units shall not be changed.

4.4(b) Any previously joined Units may be separated, provided that (a) all of the laws, codes, governmental approvals, and this Master Deed, the By-laws and the Rules and Regulations are complied with; (b) the separation of the Units does not impair the structural integrity, mechanical systems or lessen the support of the Common Elements; and (c) the separation of the Units does not change the exterior appearance of the Units without the approval of the Association. The Sponsor's separation of Units that were previously combined before they were conveyed to third parties does not require Association approval. Separating Units previously combined after the Sponsor has conveyed title to them must first be approved by the Association and any Mortgagee of the combined Units. Once separated, each individual Unit will have the same percentage of interest in the Common Elements, voting rights and obligation towards the Common Expenses as it had prior to the time that it was combined.

4.4(c) In the event that any governmental approvals are required to make any aforesaid alterations, any such approvals will be the sole responsibility of the Unit Owner making the changes.

4.5. Common Elements. A Unit includes the proportionate undivided interest in the Common Elements assigned thereto in this Master Deed or any amendments thereto.

**ARTICLE 5. Description of Common Elements, Limited Common Elements, and General Common Elements.**

5.1. Common Elements. All appurtenances and facilities and other items which are not part of the Units described herein are Common Elements. The Common Elements are graphically shown at Exhibit B attached hereto. The Common Elements shall also include by way of description, but not by way of limitation, all of the following:

- 5.1(a) All land submitted to the Condominium Act under Article 1 of this Master Deed; and
- 5.1(b) Any common parking areas, private roadways, and private alley ways within the Condominium as depicted at Exhibit B attached hereto; and
- 5.1(c) Lawn irrigation systems serving the Common Elements and Limited Common Elements; and
- 5.1(d) Lawns and other landscaped areas and all shrubbery, trees and other plantings whether provided by the Developer or left in their natural state by the Developer during construction of the Condominium with the exception of Limited Common Element yard areas for the 4 Units in the Project directly accessible from MacCulloch Avenue; and
- 5.1(e) Utility lines, including conduits, sewer laterals, driveways and stormwater facilities and the like, except such utility lines and facilities that serve only one Unit and which are located within the Unit served or which are owned by the utility provider; and
- 5.1(f) Improvements installed by the Developer which specifically will include a sanitary sewer system, and a potable water system that are not otherwise part of a Unit; and
- 5.1(g) The electrical and telephone wiring network not owned by the public utilities providing such service and not otherwise part of a Unit; and
- 5.1(h) Public connections and meters for gas, electricity, sewerage, telephone, cable television and water, if any, not owned by the public utility or other provider of such services and not otherwise part of a Unit; and
- 5.1(i) The portions of the heating, ventilating and air conditioning system that are not otherwise part of a Unit; and
- 5.1(j) The supporting walls, roofs, chases, truss spaces, exterior or interior bearing or main walls and floors between Units and all other parts of the Building that are not a part of the Units; and
- 5.1(k) Exterior lighting, including street lights within the Condominium, and other facilities, including, but not limited to, the fire hydrants within the Condominium, necessary to the upkeep and safety of the Unit and the Buildings to the extent not owned by a public utility or other provider to such services. Notwithstanding the foregoing, the Association is responsible to maintain, repair and replace the street lights, lamps and fixtures and the fire hydrants located within the Condominium; and
- 5.1(l) Equipment storage areas, refuse or recycling collection facilities, mailbox enclosures and other facilities or elements of improvements within the Condominium for use by all Unit Owners and/or for the management for maintenance and operation of the Condominium; and

5.1(m) Any easement or other right appurtenant to the Condominium and any easement or other rights hereinafter granted for the benefit of the Unit Owners, the Association and/or others for access to or use of the Common Elements; and

5.1(n) Any personal property owned by the Association; and

5.1(o) Common storage rooms or areas, if any; and

5.1(p) Handicapped and unassigned parking, if any

The Association will maintain all Common Elements of the Condominium except as otherwise provided herein. If no specific Association standard exists for a particular item of work, the work shall be done in a manner that is compatible with the general scheme, design and decor of the Condominium. Matching colors must be utilized. However, the Owner(s) of a Unit shall be responsible to pay the cost and expense of any maintenance, repairs or replacements of a Common Element necessitated by their own negligent act or omission, misuse or neglect, or their household pets, guests, occupants or visitors, regardless of whether authorized by the Unit Owner(s).

5.2. Limited Common Elements. The Limited Common Elements are graphically shown at Exhibits B and C attached hereto. The Limited Common Elements will include any walkway and driveway associated with a Unit and the yard areas associated with the 4 Units directly accessible from MacCulloch Avenue, as applicable. The Owners of the Unit having the use of any such Limited Common Element shall be responsible for all routine cleaning of its corresponding walkway and driveway and the yard areas associated with the 4 Units directly accessible from MacCulloch Avenue, as applicable. The 4 Unit Owners with Limited Common Element yard areas are required to maintain gates on the privacy fences in order for the Association to have access for landscaping maintenance purposes. All other repairs, replacements and maintenance (including snow/ice removal from the Limited Common Element walkway or driveway and the landscape maintenance of the yard areas for the 4 Units directly accessible from MacCulloch Avenue) shall be the responsibility of the Association. The Owners of a Unit having the use of any Limited Common Element shall be responsible for the cost and expense of any maintenance, repairs or replacement of the Limited Common Element necessitated by their own negligent act or omission, misuse or neglect, or their household pets, guests, occupants or visitors, regardless of whether authorized by the Unit Owner.

**ARTICLE 6. Percentage Interests in the Common Elements; Common Expenses; Voting Rights of Unit Owners.**

6.1. Estate Acquired. Each Unit's equal appurtenant undivided percentage of ownership interest in the Common Elements of the Condominium is expressed as a percentage of the whole in accordance with N.J.S.A. 46:8B-9(g) as set forth at Exhibit D attached hereto and made a part hereof. The percentage of ownership interest in the Common Elements allocable to each Unit shall be based upon the aggregate amount of ownership interest for the total number of Units established, or intended to be established, within the Condominium.

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

No completed Common Elements shall be eliminated or their use substantially curtailed by the Board unless the Members (and the Sponsor if the Sponsor owns one or more Units) have approved of such action at a special meeting called pursuant to the provisions of the By-laws.

6.3. Proportionate Interest in Common Elements.

6.3(a) Each Unit Owner's equal appurtenant undivided percentage interest in the Common Elements is set forth at Exhibit D. In the event that the total number of Units in the Condominium decreases or increases, or in the event that the Sponsor alters the Unit types, each Unit Owner's percentage of interest in the Common Elements will be recalculated accordingly based upon the foregoing factors.

6.3(b) Percentage interests in Common Elements shall be used to allocate the division of proceeds, if any, resulting from any casualty loss, any eminent domain proceeding, any common insurance surplus or from any other disposition of the Common Elements.

6.4. Common Expenses and Other Assessments.

6.4(a) Common Expenses. All assessments for Common Expenses for each Unit in the Condominium shall be equally allocated based upon the number of Units established within the Condominium. Any common surplus in the Association resulting from operations of the Association shall also be equally allocated among the Units, including Developer in the same fashion. Common Expenses will initially be due for an individual Unit upon the issuance of its Certificate of Occupancy.

6.4(b) Special, Emergency and Capital Improvement Assessments. Special, emergency and capital improvement assessments shall be paid in the same manner that Common Expenses are assessed. The Developer shall not pay any special, emergency and capital improvement assessments for any unsold or unleased Units.

6.5. Voting Rights of Unit Owners.

6.5(a) Each Unit Owner in good standing shall be entitled to cast one weighted vote for each Unit to which the Unit Owner holds title equal to the percentage interest in the Common Elements of its Unit(s) in all matters requiring a vote of Unit Owners with the exception of the election of Unit Owner representatives to the Board for which each Unit Owner in good standing will have one unweighted vote for each Unit to which that Unit Owner holds title. The Sponsor shall be entitled to cast one weighted vote for each Unit for which it holds

title in all matters requiring a vote of Unit Owners, except for the election of Unit Owner representatives to the Board of Trustees for which the Sponsor will not be voting. However, the Sponsor's votes may be utilized for the purposes of establishing a quorum at a meeting of Unit Owners held to elect Unit Owner representative to the Board of Trustees.

6.5(b) The Sponsor shall be permitted to lease Units within the Development. In such cases, the Sponsor shall be entitled to cast all votes for Units so owned by it by virtue of said leasing agreement.

## **ARTICLE 7. Association and Administration.**

7.1. **Membership in the Association.** Upon acceptance of a Deed to a Unit, each Owner shall automatically become a Member of the Morristown Square Condominium Association, Inc., and shall be a Member for so long as he shall hold legal title to his Unit subject to all provisions of the Condominium Act, this Master Deed, the Certificate of Incorporation of the Association, the By-laws and the Rules and Regulations promulgated from time to time by the Association, and any other documents, amendments and supplements thereto.

7.2. **Compliance by Owners.** Each Owner or occupant of a Unit shall comply with, and shall assume ownership or occupancy subject to all laws, rules and regulations of governmental authorities having jurisdiction over the Condominium, together with the provisions of this Master Deed, the Certificate of Incorporation, the By-laws, and the Rules and Regulations of the Association and with any other documents, amendments and supplements to the foregoing. Failure to comply with any of the foregoing shall be grounds for commencement of an action for the recovery of damages or for obtaining injunctive relief, or both, as well as the receipt of reasonable attorneys' fees by the Sponsor, the Association and any other Unit Owner, in any court or administrative tribunal having jurisdiction, against any person violating or circumventing any of the aforesaid, and against any Unit Owner to enforce any lien created by this Master Deed and its covenants. Failure by the Sponsor, the Association or any Unit Owner to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce same.

7.3. **Administration.** The administration of the Common Elements shall be by the Association in accordance with the provisions of the Condominium Act, this Master Deed, the Association's Certificate of Incorporation, the Association's By-laws and any other documents, amendments or supplements to the foregoing including those which may subsequently be adopted by the Board of Trustees or required by any Institutional Lender, or by any governmental agency having regulatory jurisdiction over the Condominium, or by any title insurance company selected by the Sponsor. The Association shall contract with a management company for the purpose of management and overall operation of the Condominium.

7.4. **Transition.** Initially, the Board is to be comprised of three individuals appointed by the Developer, none of which need be a Unit Owner. As Units within the Condominium are conveyed by the Developer, the number of Board Trustees will be expanded from three to five and Unit Owners will be elected to the Board in addition to the three Developer-appointed Board Trustees. Finally, the Board will contract back to three Trustees upon conveyance of the last

Unit by the Developer. The "turnover of control" of the Board by Developer to Unit Owners, other than Developer, is required by New Jersey law, and is based upon the total number of Units contemplated by Developer for incorporation within the Condominium as same is presently proposed for full development (i.e., 18 Units). The "turnover of control" of the Board will occur as follows:

(a) within 60 days after the Sponsor has conveyed title to 25% of the Units proposed for the Condominium (i.e., 5 of the presently proposed 18 Units), the Unit Owners other than the Sponsor will elect one Trustee who shall replace one of the initial three Trustees on the Board appointed by the Sponsor, and the total number of Trustees on the Board will remain at three.

(b) within 60 days after the Sponsor has conveyed title to 50% of the Units proposed for the Condominium (i.e., 9 of the presently proposed 18 Units), the Unit Owners other than the Sponsor will elect a second Trustee and the Sponsor will appoint a third Trustee, and the Board will then consist of five Trustees.

(c) within 60 days after the Sponsor has conveyed title to 75% of the Units proposed for the Condominium (i.e., 14 of the presently proposed 18 Units), or five years from the date of the recording of this Master Deed, whichever occurs first, two of the Sponsor appointed Trustees on the Board will resign and the number of Trustees on the Board will be reduced to three (with the Unit Owners other than the Sponsor having elected two of the three Trustees). Sponsor will have the right to retain one Trustee on the three member Board until Sponsor has conveyed title to the last Unit within the Condominium in the normal course of business or such earlier time as the Sponsor may determine.

In the event that the Developer elects to develop fewer Units, transfer of control of the Association will occur based upon the forgoing percentages relative to the total number of Units that are constructed in the Condominium.

Elected Trustees will serve for the terms of office set forth in the By-laws. Appointed Trustees will serve until their successors are elected. When a Member of the Board who has been elected by the Unit Owners other than Sponsor is removed or resigns, that vacancy will be filled by a Unit Owner other than a Sponsor. Likewise, in the event that a Member of the Board who has been appointed by Sponsor is removed or resigns, that vacancy will be filled by another Sponsor appointed Member.

**ARTICLE 8.**      **Maintenance and Capital Improvement Assessments; Lien for Unpaid Assessments; Maintenance Responsibilities**

8.1. Obligation to Pay Assessments. Every Unit Owner, by acceptance of a Deed or other conveyance for a Unit, whether or not it shall be so expressed in any such Deed or other conveyance, shall be deemed to covenant and agree to pay to the Association all assessments and other charges contemplated herein or in the By-laws.

8.2. Liability for Assessments. No Unit Owner may waive or otherwise avoid liability for the Common Expenses allocated to its Unit by non-use of the Common Elements. Each assessment and other charges shall be a continuing lien upon the Unit against which it was made and shall also be the joint and several personal obligation of the Owner(s) of such Unit at the time when the assessment, fine or other charge came due, and the joint and several personal obligation of each subsequent record owner of such Unit, except as otherwise set forth in this Master Deed or N.J.S.A. 46:8B-21. In addition, interest at the rate of 15% per annum and the costs of collection including reasonable attorney's fees will be due on such outstanding obligations and shall also be a continuing lien upon the Unit against which it was made.

Liens for unpaid assessments, and other charges levied by the Association may be foreclosed by a suit brought by the Association in the same manner as a mortgage foreclosure on real property. Common Expense assessments will have priority over prior recorded Mortgages and other liens to the extent permitted by N.J.S.A. 46:8B-21.

8.3. Allocation of Assessments. The Common Expenses will be allocated equally based on the current number of Units in the Condominium.

8.4. Annual Common Expense Assessment. The Board shall have the obligation to determine and set the annual Common Expense assessment in an amount at least sufficient to maintain and operate the Common Elements as required by the Act and described in this Master Deed and By-laws. The amount of monies needed and the use to which such monies shall be put are within the sole discretion of the Board.

8.5. Annual Common Expense Assessment Not Made. After Unit Owners other than Sponsor have taken control of the Association, if an annual Common Expense assessment is not made as required for an ensuing year, an assessment shall be made automatically without Board action in the amount of the last prior year's assessment, increased by 10% and any installments of such annual assessment shall be due upon each installment payment date until a new annual Common Expense assessment is made.

8.6. Notice of Annual Common Expense Assessment. Unit Owners shall be made aware of the amount of each new Common Expense assessment annually in the manner set forth in the By-laws.

8.7. Due Dates of Common Expense Assessment. Annual Common Expense assessments shall be made for a yearly period to be determined by the Board and shall be payable in advance in monthly installments or in such other installments as may be established by the Board.

When title to a Unit is conveyed to a new Unit Owner, the portion of the then current annual Common Expense assessment payable by the Unit Owner shall be apportioned on the basis of the number of days remaining in the assessment year. Such first annual assessment or its pro rata portion shall be due immediately upon the new Unit Owner(s) taking title. The new Unit Owner may make such payments on a monthly basis unless and until he defaults in his obligation. A new Unit Owner shall be responsible for the payment of all unpaid assessments

unless the new Unit Owner receives an estoppel certificate from the Association and unless otherwise provided by the Condominium Act.

8.8. Obligation of the Sponsor. Until the conveyance of title to the first Unit, the Sponsor shall be solely responsible for all Common Expenses including insurance and fidelity bond premiums, if applicable. Following the first conveyance, the Owners of the Units to whom title has been conveyed shall be responsible for their proportionate share of all Common Expenses and the Sponsor shall be responsible for payment of any operating deficit for each fiscal year after taking into account any other revenues of the Association except working capital and replacement reserve contributions made by the Unit owners at the time of acquisition of title from the Sponsor. This means that the Sponsor shall pay the difference between the total amount assessed and due from the individual Unit owners and the actual amount of operating expenses incurred during the Association's fiscal year. Any expenses incurred beyond budgeted amounts due to unforeseen events shall be borne equally by all sold and unsold Units with certificates of occupancy, but still owned by the Sponsor. Sponsor shall not be responsible for operating deficits caused by delinquencies of the Unit Owners. The Sponsor will also pay a proportionate share of common assessments for each unit with a certificate of occupancy, if not yet conveyed to individual Unit Owners. If multiple dwellings are located in one Building and at least one certificate of occupancy has been issued, the Sponsor shall be responsible for payment of replacement reserves for all unsold Units in the Building whether completed or under development. After the Sponsor relinquishes control of the Board, the Sponsor shall only be responsible for payment of its proportionate share of the budgeted Common Expenses for all the Units which have been declared of record but not yet conveyed to individual Unit owners in proportion to the benefit derived from the items included in the budget. At the time of relinquishing control of the Board to the Unit Owners, the Sponsor shall turn over all the working capital and replacement reserve contributions collected from the Unit owners to the Association as per the accounting by an independent accountant.

8.9. Emergency Assessment. If the annual Common Expense assessment is insufficient for an immediate need or emergency, the budget and assessment may be amended at any time by the Board to impose an emergency assessment. The determination of such emergency or immediate need shall be within the sole discretion of the Board.

8.10. Special Assessments. In addition to the other assessments authorized in this Master Deed, the Board may levy a special, Common Expense assessment in any assessment year. The purpose of such an assessment would be to defray part or all of the cost of the reconstruction, repair or replacement of existing Common Elements determined by the Board not to constitute an emergency but for which funds in reserve are insufficient, or for any other lawful purpose other than the construction or acquisition of new capital improvement. If a special Common Expense assessment is greater than \$25,000.00 adjusted by the percentage of increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Northeastern New Jersey as published in the New Jersey Law Journal and New Jersey Lawyer, two-thirds of the Unit Owners in good standing must vote to approve such assessment at a meeting duly called for the purpose. Unit Owners shall receive written notice of such meeting not less than 30 days prior to the meeting. The due date(s) of any special assessment or its installment dates shall be set forth in its authorizing resolution.



While the Sponsor maintains a majority of the Board, it shall make no additions, alterations, improvements or purchases which necessitate a special assessment unless required by a governmental agency, title insurance company selected by the Sponsor or institutional lender, or in the event of an emergency.

8.11. Capital Improvement Assessment. In addition to the other assessments authorized in this Master Deed, the Board may levy a capital improvement assessment in order to acquire or construct a new capital improvement. If the cost of such acquisition or construction is greater than \$25,000.00 adjusted by the percentage of increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Northeastern New Jersey as published in the New Jersey Law Journal and New Jersey Lawyer, two-thirds of the Unit Owners in good standing must vote to approve such assessment at a meeting duly called for the purpose. Unit Owners shall receive written notice of such meeting not less than 30 days prior to the meeting. The due date(s) of any special assessment or its installment dates shall be set forth in its authorizing resolution.

8.12. Exemption from Capital Improvement, Emergency or Special Assessments. Neither the Sponsor, nor any Mortgagee (which has acquired title to any Unit through foreclosure or deed in lieu of foreclosure) shall be required to pay any capital improvement, emergency or special assessments. This provision may not be amended without the written consent of the Sponsor and every Mortgagee.

8.13. Remedial Assessments. In addition to the other assessments authorized in this Master Deed, the Board may levy a remedial assessment against any Unit Owner for Unit maintenance performed by the Association in accordance with this Master Deed. Also, the Board may provide for ordinary maintenance and minor repairs and replacements to be furnished to Unit Owners by Association personnel or agents and charged as a remedial assessment. This may occur on an individual Unit basis or may involve some or all Units, as the case may be.

8.14. Miscellaneous Assessments. Any and all fines, late charges, costs of collection (including reasonable attorneys' fees), interest on unpaid assessments, capital contributions and/or any other monies required to be paid to the Association by a Unit Owner according to this Master Deed, the Association's Certificate of Incorporation, the Association By-laws, the Association rules and regulations and any other Board resolutions shall be deemed assessments which each Unit Owner has agreed to pay and for which each Unit Owner is liable and shall be collectible by the Association as set forth in this Master Deed.

8.15. Additional Common Expense Assessment for Real Estate Taxes Assessed on a Bulk Basis. In spite of anything contained in this Master Deed, the Certificate of Incorporation, the By-laws or in any Mortgage requiring the establishment of an escrow for the payment of real estate taxes and until such time as the Town of Morristown assesses and bills Units for real estate taxes on a per-Unit, rather than a bulk basis, the Board may assess and collect from all Unit Owners, as an additional Common Expense assessment separate and apart from all other Common Expense assessments, such amounts as may be necessary to pay or create a reserve for paying real estate taxes estimated or assessed by the Town of Morristown relative to the Condominium on a bulk basis. Furthermore, in spite of anything contained in this Master Deed

or the By-laws with regard to assessment and collection of other Common Expense assessments authorized or required by this Master Deed, additional Common Expense assessments and collections thereof for the purpose of paying real estate taxes estimated or assessed by the Town of Morristown relative to the Condominium on a bulk basis may be assessed and collected in such a manner and with such frequency as the Board, in its sole and absolute discretion, deems necessary to pay, in a timely fashion, such bulk real estate tax estimates or assessments. To the extent deemed appropriate by the Board, additional Common Expense assessments levied hereunder for the purpose of paying estimated or assessed real estate taxes estimated or assessed by the Town of Morristown relative to the Condominium on a bulk basis may be collected in advance of the actual date upon which such estimated or assessed real estate taxes are due in order to create an escrow for the prompt payment of such taxes.

Any and all additional Common Expenses assessments collected by the Association as authorized hereunder for the purpose of paying bulk real estate taxes shall be held in escrow by the Association in a segregated interest bearing account until such amounts are required to be paid to the Town of Morristown. All interest earned on such escrows shall inure to the benefit of the Association and shall be applied toward funding any deficit that may exist for the payment of bulk real estate taxes or, absent any such deficit, shall be transferred to the Association's operating account to defray the Association's expenses in administering the additional Common Expense assessment and collection procedure required to effectuate payments of the bulk real estate taxes relative to the Condominium assessed or estimated by the Town of Morristown. Any interest surplus beyond any amount needed by the Association to defray such expenses shall be distributed to the appropriate Unit Owners on the same basis as the assessment of the additional Common Expense assessment.

Each Unit Owner's liability for additional Common Expense assessments authorized hereunder for the payment of bulk real estate taxes estimated or assessed by the Town of Morristown relative to the Condominium shall be allocated equally or such other equitable basis of allocation as the Board deems appropriate in its sole and absolute discretion.

Once the Town of Morristown commences assessment and billing of real estate taxes on a per-Unit rather than a bulk basis, the Association shall promptly refund, without interest, to the Unit Owners, their respective bulk real estate tax escrow balance, if any, being held by the Association. Furthermore, once the Town of Morristown commences assessment and billing of real estate taxes on a per-Unit rather than a bulk basis, the Association shall have no further responsibility for any real estate taxes assessed against Units of the Condominium unless it becomes the record Owner of a Unit(s).

Any and all remedies available to the Association pursuant to this Master Deed, the By-laws and/or applicable law for the collection of other delinquent Common Expense assessments shall be equally available to the Association for the collection of a delinquent additional Common Expense assessments assessed for the purpose of paying bulk real estate taxes estimated or assessed by the Town of Morristown relative to the Condominium. This shall include, but not be limited to, the filing of a Claim of Lien and, if necessary, the foreclosure of such lien.

In the event a Unit Owner sells his Unit prior to the point in time that the Town of Morristown commences assessment and billing for real estate taxes assessed relative to the Condominium on a per-Unit rather than a bulk basis, no amounts paid by such Unit Owner to the Association for real estate taxes shall be refundable to the former Unit Owner by the Association regardless of the fact that such amounts might be held in escrow and not yet paid to the Town of Morristown and regardless of the fact that such amounts may have been paid to the Town of Morristown for real estate taxes for a period that will include a portion of time during which the former Unit Owner no longer held title to the Unit. Instead, entitlement to all such amounts, including any refund of same once the Units are assessed and billed for real estate taxes on a per-Unit basis, shall run with the title to the Unit. Accordingly, Unit Owners selling their Units prior to the point in time that the Town of Morristown commences assessment and billing of real estate taxes on a per-Unit basis must make any desired financial adjustments for amounts paid to the Association for real estate taxes with the purchaser of the Unit. No such adjustment between a Unit Owner and the purchaser shall have any effect upon the Association and its ability to assess and collect from the current Unit Owner any and all amounts representing that Unit's proportional share of assessed or estimated bulk real estate taxes.

8.16. Maintenance Responsibilities.

8.16(a) Responsibilities of Unit Owners. Each Unit Owner is responsible to perform all of the maintenance, repairs and replacements that may be required within the boundaries of its Unit, at its own expense, and in accordance with the requirements of this Master Deed, the By-laws and any Rules and Regulations of the Association. Unit Owners are responsible for all of the improvements appurtenant to their Units and located within the boundaries of same including, but not limited to, those improvements described in Article 4 of this Master Deed.

In addition, each Unit Owner shall be responsible to perform all of the maintenance, repairs and replacements that may be required for improvements appurtenant to its Unit (including, but not limited to, routine cleaning and snow/ice removal from appurtenant decks, patios, stoops, landings and/or front entry stairs, if any and as applicable, serving an individual Unit), as such improvements are defined in Section 4.2 herein, which are not located within the boundaries of its Unit as set forth in Section 4.1 when the following conditions are met: (A) the improvement is accessible without a breaking or intrusion into the Common Elements or any other Unit; and (B) the improvement is not functionally connected with a Common Element or a component of an integrated system which services more than one Unit. The cutting, removal or other disturbance of wallboard, flooring or sub flooring or any similar material within the Unit Owner's own Unit in order to gain access shall not be considered "a breaking or intrusion" as aforesaid.

8.16(b) Responsibilities of the Association. The Association shall furnish all maintenance, repairs and replacements required for the Common Elements including, but not limited to, the common parking areas, private roadways, private alley ways and other improvements, fences and retaining walls installed by the Sponsor as part of the Condominium's original construction and open space areas. Claims relative to defects in Common Elements shall be processed in accordance with N.J.A.C. 5:25-5.5 regarding warranty coverage and claims.

The Association shall also furnish the maintenance, repairs and replacements that are required for any improvement appurtenant to a Unit, as such improvements are defined in Section 4.2 herein, not located within the boundaries of the Unit and not meeting the conditions set forth in aforesaid conditions (a) and (b) of this Section. The expenses incurred by the Association in doing so shall be levied against the Owner of that Unit as a Remedial Common Expense assessment.

8.16(c) Rights of the Association. The Association may immediately make emergency repairs to any Unit which the Unit Owner has failed to perform if such failure will have a material adverse impact on any other portion of the Condominium. The costs of such repair together with reasonable attorneys' fees arising out of the incident shall be the responsibility of the Unit Owner and shall be a remedial assessment against him.

8.17. Cleaning, Snow Clearing, Maintenance, Repair and Replacement of Limited Common Elements. Except for maintenance, repair and/or replacement necessitated by a Unit Owner's negligent act(s), misuse or neglect, or the negligent act(s), omission(s) or neglect of the Unit Owner's family members, household pets, guests, occupants, invitees, lessees or visitors, regardless of whether authorized by the Unit Owner, the Association shall be responsible for all other maintenance, repairs and replacements of the Limited Common Elements.

All of the costs and expenses incurred by the Association in discharging the foregoing responsibilities shall be Common Expenses to be borne by all Unit Owners.

The Owner(s) of a Unit(s) having exclusive use of any Limited Common Element shall be responsible to pay the costs and expenses of any maintenance, repairs or replacement of the Limited Common Element necessitated by his or their own negligent act or omission, misuse or neglect, or the negligent act or omission, misuse or neglect of their family members, household pets, guests, occupants, visitors, or employees, regardless of whether authorized by the Unit Owner(s).

All routine cleaning of the Limited Common Element walkways and driveways and yard areas for the 4 Units directly accessible from MacCulloch Avenue shall be solely the responsibility and financial obligation of the Unit Owner(s) who has (have) exclusive use of such Limited Common Element as an appurtenance to his or her Unit. The snow and ice clearing from walkways and driveways of the Units and the landscape maintenance of the yard areas shall be the responsibility of the Association.

8.18. While the Sponsor maintains control of the Board of Trustees, it shall take no action which adversely affects a Unit Owner's rights under N.J.A.C. 5:25-5.5. Claims relative to defects in Common Elements shall be processed in accordance with N.J.A.C. 5:25-5.5.

## ARTICLE 9. Restrictions.

9.1. General Covenants and Restrictions. The Condominium is subject to all covenants, restrictions and easements of record and to the following restrictions:

9.1(a) Owners of Units are governed by the Land Use and Zoning Regulations of the Town of Morristown. The Sponsor retains the right to use unsold Units and for construction, storage, administrative purposes and sales models. No Unit or Limited Common Element, except those Units used by Sponsor as sales offices, administrative offices, construction offices or models, shall be used for any purpose other than as a private residence.

9.1(b) The General Common Elements shall not be obstructed in any way, nor shall anything be stored thereon without the consent of the Board.

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

9.1(d) No noxious or offensive activities or unlawful use shall be made of any Unit. All laws, ordinances and regulations of other governing bodies having jurisdiction over the Condominium shall be observed.

9.1(e) Each Unit Owner shall be responsible for its property taxes, special assessments and other charges imposed by any taxing authority and shall pay for its own telephone and other utilities separately billed to Unit Owners. If any utility charges or taxes are billed to the Condominium in bulk, they will be paid by the Association and apportioned to all Unit Owners through the annual assessment or otherwise.

9.1(f) No vehicle larger than a panel truck, bearing a commercial license plate, mobile home, recreational vehicle, boat or other watercraft, boat trailer or the like, nor any unlicensed, inoperative, unused or disabled vehicle of any type shall be parked within any part of the Condominium, without the prior written consent of the Condominium Board of Trustees, except those vehicles temporarily within the Condominium for the purpose of servicing the Condominium or one of the Units, if any, subject to the rules and regulations of the Condominium Association. This restriction does not apply to Sponsor.

9.1(g) All trash or garbage disposal and recycling shall be in accordance with the trash and recycling plan for the Project approved by the Town of Morristown. This plan includes truck access, and provides that the trash and recycling collection will occur at the northwest ends of the alley ways within the Project or where the main internal access drive intersects with Maple and MacCulloch Avenues. Unit Owners shall also conform with any Association rules and regulations pertaining to trash and recycling.

9.1(h) No bird, reptile or animal of any kind shall be raised, bred, or kept in any Unit or anywhere else upon the Condominium except that no more than a total of two, in the aggregate, domestic dogs, cats or birds are permitted provided that they shall be kept entirely within the confines of the Unit or whenever outside of the Unit, must at all times be accompanied on a leash or in a cage by the Unit Owner. All household pets must be kept in accordance with all rules and regulations adopted from time to time by the Association. In addition, no outside animal pens, runs or yards are permitted. So long as not raised for commercial purposes, a Unit Owner is permitted to keep an unlimited number of fish.

9.1(i) No exterior loudspeakers except those in portable radios or other portable audio/visual equipment shall be allowed in any Unit or Limited Common Element without the permission of the Board. Residents shall exercise reasonable care and consideration when making any noise that may offend or interrupt the enjoyment of others.

9.1(j) Unit Owners shall not install, nor have installed or erected any signs, advertisements, posters, awnings, canopies, fences, exterior shutters, radio or television wiring, antennae or aerials, air conditioning units, flag poles or posts or like items (except satellite dishes in accordance with all applicable laws) in or upon the Common Elements without the express written permission of the Board. Specifically, "For Sale" and "For Rent" signs may not be displayed in or on any Unit or Common Element visible from the exterior of the Building. Unit Owners shall not paint, decorate or in any other way change the appearance of any portion of the exterior of the Building or any other Common Element. Unit Owners may temporarily attach appropriate holiday decorations to their exterior doors during a holiday season. This provision shall not apply to the Sponsor.

9.1(k) No person shall walk on, sit on, sunbathe on or otherwise use the roof of a Building for any purpose. Maintenance and repair personnel performing work on or involving the roof of the Buildings which has been authorized by the Sponsor or Association are exempt from this restriction.

9.1(l) No clothes poles, lines or trees shall be installed or maintained, nor shall laundry, banners or any other item be hung outside of any Unit.

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

9.1(n) No Unit Owner or occupant shall build, plant or maintain any thing or matter on, in, over or under the Common Elements without the prior written consent of the Board unless permitted by the Association's rules and regulations. No person shall alter any planting or other Common Element without prior written permission from the Board. This restriction does not apply to Limited Common Elements which may be used in accordance with any rules and regulations of the Board.

9.1(o) No Unit Owner or occupant shall burn, chop or cut anything in, on, over or above the Common Elements.

9.1(p) To the extent that equipment, facilities and fixtures within any Unit shall be connected to similar equipment facilities or fixtures affecting or serving other Units or the Common Elements, the use thereof by Unit Owners shall be subject to this Master Deed, the By-laws and the Association's rules and regulations.

9.1(q) Nothing shall be done or kept in any Unit or in or upon the Common Elements which will increase the rates of insurance on the Building, contents thereof or the Association beyond the rate otherwise applicable without the prior written consent of the Board.

No Owner may permit anything to be done which will result in the cancellation of any of the Association's insurance coverages, or which will be in violation of any law.

9.1(r) No dangerous or offensive activities shall be conducted in, on or around the Condominium which may be or become, willfully or negligently, an annoyance or nuisance to other residents of the Condominium.

9.1(s) Draperies, blinds, curtains or other appropriate window coverings must be installed by each Unit Owner on all windows in his Unit and must be maintained in said windows at all times. Any portion of said window coverings that are visible from the exterior of the Unit shall be white, off-white, or beige unless approved by the Association. Units which have not yet been sold by the Sponsor are exempt from this requirement.

9.1(t) All Units must be heated to the extent necessary to prevent damage from freezing temperatures during the months of October through April inclusive regardless of whether or not the Unit is occupied.

9.1(u) Unit Owners with access to their garages from MacCulloch Avenue are required to keep their garage doors closed when the garages are not in use.

9.1(v) Any Unit Owner who sells his Unit must advise the Secretary of the Association at least 30 days prior to the closing date of the proposed sale and must provide the Secretary with the full names and addresses of the prospective purchasers.

The Unit Owner, prior to the sale, must provide the prospective purchasers with the name and address of the Secretary of the Association. The sale of any Unit in the Condominium is expressly subject to the lien of the Association for any unpaid assessments and maintenance fees. Any prospective purchaser may secure a statement from the Secretary of the Association as to the amount then due with respect to any assessment or maintenance fees affecting the Unit being sold. Said statement shall be binding upon the Association as to that purchaser. Any purchaser requesting such a statement shall pay the Association a fee of \$15.00 along with his request. Further, no representations by the seller of the Unit to the prospective purchaser regarding the amount due to the Association shall be binding in any way upon the Association.

9.1(w) No litigation shall be commenced by the Association's Board of Trustees (except suits against Unit Owners or their tenants for the collection of assessments or suits against Unit Owners or their tenants to enforce rulings of the Judiciary Committee or the Board or to enforce any of the provisions of the Master Deed) without a vote of the Members entitled to vote at a special meeting called to decide such a question, after written notice of the question has been forwarded to each Member. Voting procedures for Members are set forth in detail in the By-laws in the section entitled "Voting on Questions."

9.1(x) Satellite Dishes. Under regulations adopted by the Federal Communications Commission ("FCC"), the Association may not ban the installation of satellite dishes, but the FCC regulations allow the Association to regulate the location of and to impose

other restrictions concerning satellite dishes. The installation and maintenance of satellite dishes by Unit Owner(s) is thereby subject to the following restrictions:

- (i) The satellite dish may be installed only on the Unit Owner's deck or patio, if any;
- (ii) Only one dish may be installed on a deck or patio, if any;
- (iii) The dish may not be more than one meter in diameter, however, if a smaller dish will achieve the same reception at a comparable cost, then the smaller dish must be installed;
- (iv) The dish must be installed either on the floor surface or the railing, but in no event shall the dish be installed more than seven feet above the floor surface; and if installed on the railing, the dish may not extend more than six inches beyond the railing into the Common Elements and away from the Building wall;
- (v) The dish must be installed at the point furthest away from any adjoining Unit's deck or patio;
- (vi) The dish must be installed securely and by a professional installer;
- (vii) Under no circumstances shall the dish be mounted on the Building wall or any other Common Elements;
- (viii) Wiring for the dish shall be run into the Unit in the least destructive manner possible, and any penetration of the Building shall be sealed so as to avoid any water infiltration into the Building; and
- (ix) When the Unit Owner either moves or ceases to use the dish, it shall be removed and any damage done to the Common Elements shall be repaired; and
- (x) To the extent possible, satellite dishes must be screened from street view from MacCulloch Avenue and Maple Avenue.

Prior to installation of the dish, Unit Owner(s) shall notify the Association, through its managing agent, of their intention to install a satellite dish and of the specifics of the installation. Prior approval of the Association is not required if the requirements set forth in this paragraph are followed. Prior Association approval is required if the Unit Owner intends to deviate from any of the requirements set forth above. The Association reserves the right to inspect a Unit Owner's installation of a satellite dish at any time in order to monitor compliance with the provisions of this paragraph.



If FCC regulations concerning satellite dish installations shall change after the date that this Master Deed is recorded, then this Master Deed shall be deemed automatically modified as of the effective date of such changes in the regulations in order to be in compliance with the FCC regulations. A formal Amendment to this Master Deed, modifying this paragraph so as to be consistent with the amended FCC regulations, shall be adopted by the Board of Trustees as soon after the effective date of the amended FCC regulations as is practical.

9.1(y) Deed Notice. All Unit Owners' use of the Condominium is subject to the limitations set forth in the document entitled "Deed Notice", a sample of which is attached hereto as Exhibit G. Once the actual Deed Notice is recorded with the Morris County Clerk, it will supercede the attached Exhibit G.

9.2. Restrictions on Alterations, Additions and Improvements.

9.2(a) Nothing shall be done to any Unit, nor on or in the Common Elements which will impair the structural integrity of the Building or which will structurally change the Building.

9.2(b) No Unit Owner (other than the Sponsor) may make any structural additions, alterations or improvements in or to his Unit, nor in or to the Common Elements and no Unit Owner shall alter the color or decorative scheme of the exterior of his Unit without the prior written approval of the Board. The Unit Owner's request must be in writing, sent by certified mail, return receipt requested to the Board through its President or Secretary. The Board shall respond within 45 business days. If the Board does not respond within 45 days of the original request, the Unit Owner shall submit his/her request a second time. The Board shall respond within 30 business days. No response from the Board within that time shall constitute an approval of the request. Any objection by the Board shall be binding upon the Unit Owner and he shall not proceed with the proposed alteration in the event of such an objection.

9.2(c) Any and all requests for exterior alterations/modifications of any Unit shall be brought to the attention of the Sponsor until the Sponsor has sold its last Unit. The Sponsor may object to the proposed modification, which decision shall be binding upon the Unit Owner who then may not construct the alteration or modification.

In the event that any modification to a Unit requires plans or drawings, the Unit Owner shall have plans prepared by a licensed architect and will submit same to the Board for its review and approval to insure compliance with the terms of this Master Deed applicable to the Unit type. Further, if the proposed modification requires a municipal building permit, the Unit Owner shall submit a copy of his permit application to the Board, but it shall be the responsibility of the Unit Owner to apply for the permit. The Unit Owner shall provide the Board with a copy of the permit.

Any alteration or modification shall be constructed of materials that are compatible both internally and externally with the Unit to which it is to be attached.

If the Unit Owner contracts for the work to be done, the Board will bear no responsibility in any way for, or to the contractor and/or any subcontractors. The Unit Owner will hold the Association harmless from the claims arising from or in connection with the work done to complete said requested modification including but not limited to claims of any mechanics or material men. Such contractor and/or all subcontractors must provide the Unit Owner with a certificate of insurance and same must be provided to the Board. Further, the Board may require that an adequate surety be posted by the Unit Owner to assure the Association that the work will be constructed properly and that any disturbance to the Common Elements will be properly repaired upon completion of construction.

The provisions of this subsection are not applicable to any Units owned by the Sponsor.

Nothing herein shall be construed to prohibit the reasonable adaptation of any Unit for handicapped use.

9.3. Restrictions on Leasing of Units.

9.3(a) No Unit shall be leased by its Owner, nor used for transient or hotel purposes, which shall be defined as rental for a period of less than one year or any rental where the occupants are provided customary hotel services. No Unit Owner may lease less than an entire Unit. This limitation shall not be deemed to restrict the right of an Owner to permit employees or family members of a Unit Owner from temporarily occupying the premises from time to time for periods of less than one year.

The Sponsor may lease a Unit irrespective of the above restrictions. Also, a lender in possession of a Unit following a default in a Mortgage, or by virtue of a foreclosure proceeding, or by any deed or other arrangement in lieu of foreclosure may lease a Unit regardless of the restrictions set forth in the first paragraph of this section.

9.3(b) Subject to the above-stated restrictions, Unit Owners shall have the right to lease their Units, provided that the lease is in writing and is made subject to all provisions of this Master Deed, the By-laws of the Association, its Rules and Regulations and any amendments to same that may be made from time to time. The lease must provide that any failure of the lessee to fully comply with the terms and conditions of such documents shall constitute a material default under the lease and be grounds for termination and eviction.

In any leasing by a Unit Owner to his lessee, the persons occupying the Unit shall all be deemed to be lessees whether or not each individually signs the lease.

9.3(c) If a tenant fails to comply with the provisions of the documents set forth above, the Association shall notify the Unit Owner of such violation(s) and demand that same be remedied through the Unit Owner's efforts within 30 calendar days of such notice. If the violation(s) is (are) not remedied within said period, the Unit Owner shall immediately thereafter institute and diligently prosecute an eviction action against his tenant on account of the violation. Such suit shall be at the Unit Owner's own expense.

If the Unit Owner does not so proceed, the Board shall have the right, but not the duty to institute and prosecute such action as attorney-in-fact for the Unit Owner at his sole cost and expense including all legal fees incurred. Such expenses shall be deemed a lien on the Unit involved and shall be collected by the Board in the manner set forth above under Assessments in this Master Deed.

By acceptance of a Deed to a Unit, each and every Unit Owner does thereby automatically and irrevocably name, constitute, appoint and confirm the Board as his attorney-in-fact for the purposes described in this section.

9.4 Enforcement. The Board shall have the power to make such rules and regulations as may be necessary to carry out the intent of these use restrictions. Further, the Board shall have the right to levy fines for violations of these restrictions and the rules and regulations, provided that the fine for a single violation may not exceed \$500.00. Any fine so levied shall be considered the personal obligation of the Unit Owner and a lien against the Unit and collection may be enforced by the Board in the same manner as the Board is entitled to enforce collection of assessments.

#### **ARTICLE 10. Easements, Grants and Covenants.**

10.1. Easements Reserved to Unit Owners. Every Unit Owner, his successors and assigns shall have the following perpetual easements with respect to the Property:

10.1(a) A perpetual and non-exclusive easement in, over and through the General Common Elements to use the common facilities within the Condominium subject to the right of the Board to:

- (i) promulgate rules and regulations for the use and enjoyment thereof; and
- (ii) suspend the enjoyment of any Unit Owner for any period during which any assessment or other charge remains unpaid or for any period during which any infraction of its published rules and regulations continues, it being understood that any suspension for either nonpayment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Unit Owner's obligation to pay the assessment.
- (iii) limit the usage of General Common Elements that are deemed Reserved Common Elements pursuant to the terms of this Master Deed.

10.1(b) An exclusive easement for the existence and continuance of any encroachment by his Unit upon any adjoining Unit or upon any Common Elements, now existing or which may come into existence hereafter as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of a Building or Unit or as a result of condemnation or eminent domain proceedings, so that any such encroachment may remain undisturbed as long as the Building stands; and

10.1(c) A non-exclusive easement for ingress and egress to his Unit in, upon, under, over, across and through the General Common Elements; and

10.1(d) An easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, television systems, master antenna facilities or other Common Elements located within any of the other Units or Common Elements and serving his Unit. This easement includes other easements and appurtenant rights created by the Sponsor for the benefit of the Condominium; and

10.1(e) Some of the Common Elements are or may be located within the confines of Units or may be conveniently accessible only through other Units. The Owner whose Unit is served by any of these Common Elements (i.e., pipes, wires, ducts, cables, conduits, utility lines, television systems, master antenna facilities, etc.) and the Association shall have the right, to be exercised by the Association as the Owner's agent, as the case may be, to have access to each Unit upon advance written notice to the applicable Unit Owner (unless necessitated by an emergency) and to all Common Elements during such reasonable hours as may be necessary for the maintenance, repair, removal, or replacement of any of the Common Elements therein, or accessible therefrom or for making emergency repairs that are necessary to prevent damage to the Common Elements or to the Owner's Unit. Any damage occurring to a Unit as a result of the maintenance, repair, emergency repair, removal or replacement of any of the Common Elements as permitted herein by the Association on the Association's or another Unit Owner's behalf, will be the responsibility of the Association.

10.2. Easements and Grants Reserved to the Sponsor. The Sponsor, its successors and assigns and/or agents shall have the following easements and rights of reservation with respect to the Property:

10.2(a) A blanket and non-exclusive easement in, upon, through, over, under and across the Condominium for the purpose of construction, installation, maintenance, repair or replacement of any improvements to the Units or the Common Elements and for the use of all driveways and parking areas, if any, for ingress and egress until the expiration of one year from the later of the date the last Unit is sold and conveyed in the normal course of business or all municipal performance and maintenance guarantees for improvements within the Condominium are released. In addition, Sponsor hereby reserves the irrevocable right to enter into, upon, over and under any Unit for such purposes as may be reasonably necessary for the Sponsor or its agents for construction, installation, maintenance, repair, replacement or servicing such Unit or any part of a Building provided that requests for entry are made in writing in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not; and

10.2(b) A blanket and non-exclusive easement in, upon, through, over, under and across the Condominium for the use of existing and future model units for sales, promotion and exhibition until the last Unit is sold and conveyed in the normal course of business; and

10.2(c) A perpetual blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements for surface water runoff and drainage caused by

natural forces and elements, grading and/or the improvements located upon the Property or without the Property. No individual Unit Owner shall interfere directly or indirectly with or alter the drainage and runoff patterns and systems within the Condominium; and

10.2(d) An easement in, upon, through and over the lands comprising the Common Elements for the purpose of installation, maintenance, repair and replacement of all stormwater management systems and facilities, drainage facilities, sewer, water, electric, telephone and television pipes, lines, mains, waters, conduits, poles, transformers and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility or drainage systems serving the Condominium or adjacent lands; and

10.2(e) An easement to enter into, upon, over and under the Condominium and where necessary, upon advance written notice, any Unit within the Condominium for the purpose of complying with any governmental or court order, regulation or requirement. In exercising said right, the Sponsor may further carry out the requirements of such order, regulation or requirement including, but not limited to, any monitoring or other activity required by the New Jersey Department of Environmental Protection or a Licensed Site Remediation Professional ("LSRP"). In exercising said right, Grantor may carry out the requirements of such order, regulation or requirement. The foregoing shall apply to any other parties responsible for any of the foregoing types of compliance as well as their successors, assigns, agents, etc.; and

10.2(f) A reservation of the right to itself, its successors and assigns for the creation of new easements for the benefit of other lands presently owned by or to be acquired by the Sponsor in the future, or for other adjacent lands, and/or for the benefit of the Property to provide gas, electrical, telephone, cable television, water, sanitary sewerage and surface and subsurface drainageways, basins and facilities until a period of one year from the date of the sale of the last Unit within the Condominium; and

10.2(g) A reservation of the right to itself, its successors and assigns for the future conveyance of new easements over any Unit and/or over any Common Elements as may be required by any governmental agency having jurisdiction over the Condominium. In the event that the Unit(s) has/have already been conveyed to a Unit Owner(s), then the Unit Owner(s) shall execute whatever instruments are required to convey interest(s) in the Unit and/or Common Elements which are required to be conveyed for the aforesaid purposes; and

10.2(h) A blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements for the use of existing and future model units for sales, promotion and exhibition until the last Unit is sold and conveyed in the normal course of business; and

10.2(i) A blanket and non-exclusive easement in, upon, over, through, under, and across the Common Elements, for ingress and egress to all portions of the Common Elements. For so long as the Developer holds any unsold Units in the ordinary course of business in the Condominium, the Developer shall have the right of ingress and egress to bring prospective purchasers, lessees, and the like in, to and across the Common Elements. In addition, a perpetual, blanket and non-exclusive easement is reserved to the Developer to install

and maintain utility meters, lines, conduits, pipes and other facilities, necessary for the proper maintenance of the Common Elements within a Unit and/or convey ownership and responsibility to a municipal authority or private utility for the foregoing; and

10.2(j) A blanket and non-exclusive easement in, upon, through, under and across the Common Elements for the purpose of the completion of the construction of the Units or other improvements incorporated or intended to become incorporated into the Condominium; and

10.2(k) A reservation of rights to itself, its successors and assigns, to utilize one or more Units of the Buildings for construction and all maintenance related purposes until the last Unit in the Condominium is sold.

10.3. Easements Reserved to the Association. The Property shall also be subject to the following easements:

10.3(a) The Association shall have a perpetual exclusive easement for the maintenance of any Common Elements including those which presently or may hereafter encroach upon a Unit and all items which the Board may effect to repair or may be required to repair; and

10.3(b) The Association, through the Board or any manager or managing agent, their respective agents or employees shall have the perpetual and non-exclusive right of access to each Unit to:

- (i) inspect same; and
- (ii) correct any violations of the provisions of this Master Deed, the By-laws or any rules and regulations of the Association; and
- (iii) perform any operations required in connection with its maintenance, repairs and replacements as set forth in this Master Deed or in the By-laws.

Requests for entry are to be made in writing in advance and entry will be at a time reasonably convenient to the Unit Owner. In an emergency, however, such right of entry shall be immediate whether or not the Unit Owner is present at the time.

10.4. Easements Reserved to Mortgagees. Any Mortgagee, its officers, agents and employees shall have a blanket, perpetual and non-exclusive easement to enter the Condominium or any part thereof to inspect the condition of the Common Elements and/or any Units encumbered by a Mortgage owned by it. This right shall be exercised only during reasonable daylight hours and only after advance notice to and with the permission of the Board and the Unit Owner affected.

10.5. Easements Reserved to Utilities.

10.5(a) Those utility easements which have been recorded by the clerk of the county in which the Condominium is located.

10.5(b) A blanket, perpetual and non-exclusive easement in, upon, over, across and through the Condominium for the purpose of installation, maintenance, repair, service and replacement of all sewer, water, power, telephone and cable television lines, pipes, mains, conduits, wires, poles, transformers, master television antennae and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility systems serving the property, which easement shall be for the benefit of any governmental agency or utility company or other entity which requires same for the purpose of furnishing one or more of the foregoing services.

10.5(c) A blanket, perpetual and non-exclusive right of access to each Unit for the purposes of reading utility meters and installing, maintaining, repairing, servicing and replacing service facilities. Meter reading will be performed during normal meter reading periods. Non-emergency maintenance and repairs and meter reading requiring access to Units will be arranged with Unit Owners in advance. In cases of emergency, however, entry by utility company personnel shall be immediate whether the Unit Owner is present or not at the time.

10.6. Easements Reserved to Governmental Entities. A blanket, perpetual and non-exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Condominium to the Town of Morristown, its respective officers, agents and employees (but not the public in general) and all police, fire and ambulance personnel in the proper performance of their respective duties (including but not limited to emergencies in a Unit) and for repair and maintenance of the Condominium including drainageways, pipes, basins and appurtenant facilities. Except in emergencies, the rights accompanying the easements provided for in this section shall be exercised only during reasonable daylight hours and whenever practicable, only after advance notice to and with permission of the Unit Owner(s) directly affected thereby.

10.7. Miscellaneous Easements. In addition, all easements of record affecting the Property and recorded prior to the recordation of this Master Deed are hereby incorporated herein.

10.8. Deed Notice. The Condominium is subject to blanket, perpetual and non-exclusive easements in, upon and over, across and through the Property hereby granted to the New Jersey Department of Environmental Protection and its agents for the purpose of performing all duties, rights and responsibilities including, but not limited to, those set forth in the Deed Notice, a sample of which is attached hereto as Exhibit G.

#### **ARTICLE 11. Provisions for the Benefit of Mortgagees.**

11.1. General. "Mortgagee" means the holder of any Mortgage on a Unit. Should the Unit Owners desire to take any action regarding any of the matters that are the subject of Paragraph 11.2, notice must be served by the Association upon the Mortgagee. To facilitate this Mortgagee notification, upon request of the Association, the Unit Owners shall provide to the Association the Mortgage information on the Unit, if any Mortgage exists. This information must include, to the extent available to the Unit Owner, the name of the Mortgagee, the address

to which notices are to be sent and to whom it should be directed, and must sufficiently identify the Unit for which the Mortgagee is the holder of the Mortgage.

All notices provided to Mortgagees under this Article shall be delivered by certified or registered mail with "return receipt" requested.

11.2. Prior Written Approval of 51% of Mortgagees. The prior written approval of the Mortgagees that represents at least 51% of the votes of unit estates that are subject to Mortgages is required for the following actions:

11.2(a) any amendment to this Master Deed, the By-laws of the Association or the Association's Certificate of Incorporation that is of a material adverse nature to the Mortgagees; and

11.2(b) any action to terminate the legal status of the condominium after substantial destruction or condemnation or for other reasons.

The notice given to Mortgagees pursuant to Paragraph 11.1 of this Master Deed with regard to any proposed material amendment as aforesaid must include a copy of the proposed amendment.

11.3. Implied Approval of Mortgagee Assumed. In spite of the requirements of prior written approval of Mortgagees required in Paragraph 11.2 of this Master Deed, provided that the Association serves proper notice on Mortgagees as required by Paragraph 11.1 of this Master Deed (which requires delivery of said notice via certified or registered mail, with a "return receipt" requested), the Association may assume implied approval by a Mortgagee when such Mortgagee fails to submit a written response to any written proposal for an amendment pursuant to Paragraph 11.2(a) within 60 days after it receives proper notice of the proposal as provided in this Article 11 of the Master Deed.

11.4. Additional Notices. Mortgagees and guarantors of a Mortgage on any Unit are also entitled to timely written notice of:

11.4(a) any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its Mortgage;

11.4(b) 60 day delinquency in the payment of assessments or charges owed to the Association by the Owner of any Unit on which the Mortgagee holds a Mortgage;

11.4(c) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

11.4(d) any proposed action that requires the consent of a specified percentage of Mortgagees.

11.5. First Mortgage Priority. Notwithstanding any other provision of this Master Deed to the contrary, a Unit Owner or any other party shall not have priority over any rights of the first



Mortgagee of a Unit pursuant to its Mortgage in the case of payment to the Unit Owner of insurance proceeds for losses to such Unit and/or the Common Elements or of condemnation awards for a taking of Units and/or Common Elements.

11.6. No Partition. Units may not be partitioned or subdivided without the prior written approval of a Mortgagee holding a Mortgage on such Unit.

11.7. Common Expense Lien Subordinate. Any lien the Association has on any Condominium Unit for the non-payment of any assessments, regardless of its nature, is subordinate to the lien or equivalent security interest of any first Mortgage on the Unit recorded prior to the date any such assessment became due, except to the extent that New Jersey or federal law provide the Association with a limited priority over such prior recorded first Mortgage.

11.8. Maintenance and Inspection of Records. The Association must maintain current copies of this Master Deed, the Certificate of Incorporation, the By-laws, the Association Rules and Regulations, and any respective amendments or supplements to them; as well as its own books, records and financial statements. They must be reasonably available for inspection by Unit Owners and Mortgagees. Any Mortgagees must, upon prior written request (a) be permitted to inspect the documents, books and records of the Association during normal business hours, and (b) receive an annual audited financial statement of the Association within 90 days following the end of any Association fiscal year.

11.9. Liability for Common Expense Assessments. Any Mortgagee holding a first Mortgage lien on a Unit that obtains title to such Unit as a result of foreclosing of the first Mortgage, or by deed of assignment in lieu of foreclosure, or any purchaser in a foreclosure sale, or their respective successors and assigns, is not liable for the share of unpaid Common Expenses or other assessments by the Association pertaining to such Unit, which became due prior to acquisition of title. Such unpaid share of the Common Expenses and other assessments shall be deemed Common Expenses collectible from all of the remaining Unit Owners including such Mortgagee or acquirer and its successors and assigns.

11.10. Management Agreements. Any Condominium management agreement entered into by or on behalf of the Association must be terminable by the Association, with or without cause, upon 30 days prior written notice thereof. The term of any such agreement shall not exceed one year.

11.11. Common Expense Default. In spite of the absence of any express provision to such effect in any Mortgage instrument, in the event that there is any default in the payment of any installment of any Common Expense assessment, regular or otherwise, for a Unit, any Mortgagee holding a Mortgage which encumbers such Unit is entitled to declare such Mortgage in default in the same way that is permitted by such Mortgage with respect to any default in the payment of real estate taxes.

11.12. Future Institutional Lender Amendments. The Condominium documents shall be deemed automatically amended to comply with future requirements of Institutional Lenders, including Fannie Mae, FHA, VA or other governmental or quasi-governmental home mortgage

agencies. The Board of Trustees will act to memorialize these future amendments as soon as is practical after the agency has published its requirements.

**ARTICLE 12. Damage or Destruction to Condominium Property.**

12.1. General. If any Common Element, or part thereof, is damaged or destroyed by fire or other casualty, the repair, restoration or ultimate disposition of same shall be as provided in N.J.S.A. 46:8B-24.

12.2. Insurance.

12.2(a) Property Insurance. The Board will obtain and continue in effect blanket property insurance in an amount equal to 100% of the current replacement value, with standard extended coverage and inflation guard endorsements, covering all of the Common Elements (except land, foundations, slabs, excavation and other items normally excluded from coverage) as required by N.J.S.A. 46:8B-14.

12.2(b) Other Insurance. The Board shall also obtain and keep in effect all other forms of insurance as may be required by the provisions of the By-laws. These include, but may not be limited to Comprehensive General Liability Insurance, Trustees' and Officers' liability coverage, certain fidelity bonds and flood insurance if necessary and available.

12.2(c) Payment of Premiums. Premiums for all such insurance coverages obtained by the Board for the benefit of all residents of the Condominium shall be a Common Expense which shall be reflected in the Association's budget and included in the annual Common Expense assessment.

12.2(d) Unit Owners. Unit Owners shall not be precluded by any Association master policy from purchasing casualty and liability insurance for their individual Units. Unit Owners are advised that the Association's insurance coverage does not extend to the Units or any personal property of the Unit Owners within the Unit. Unit Owner insurance coverage must include a waiver of the right of subrogation in favor of the Association and the other Unit Owners.

Unit Owners shall have the exclusive right to settle, adjust and litigate any claims under policies purchased by and paid for by said Unit Owners individually and in excess of the master policies described herein.

12.2(e) Disposition of Insurance Proceeds. In the event of any property loss covered by any policy required to be maintained by the Association, the Association (by its Board) shall have the sole right (subject to the rights of the respective Mortgagees) and the duty to promptly settle, litigate or otherwise dispose of said loss or claim on behalf of the affected Unit Owners and on behalf of the Association. All proceeds of any claim shall be applied by the Association to the carrying out of its duties to restore pursuant to N.J.S.A. 46:8B-24 and as detailed in the Association's By-laws.

12.2(f) Insurance Proceeds Less Than or Equal to \$25,000. If the insurance proceeds derived from an insured loss amount to \$25,000 or less, the Board shall contract with a licensed contractor or contractors of its choice to rebuild or repair such damaged or destroyed portions of the Common Elements in conformance with the original plans and specifications therefore, or if adherence to such original plans and specifications is deemed impracticable in the sole and absolute discretion of the Board, then in conformance with revised plans and specifications, provided such repairs or rebuilding shall be of a quality and kind substantially equivalent to the original construction. The Board shall accept bids only in specific amounts and shall not enter into any cost-plus or other sliding scale arrangement for compensation to the contractor.

12.2(g) Insurance Proceeds Greater Than \$25,000. If the insurance proceeds derived from an insured loss exceed \$25,000, all such insurance proceeds shall be paid directly to an Insurance Trustee. Disbursement of such funds shall be made only upon the signatures of a majority of the members of the Board in accordance with the following:

- i) Upon notification of the receipt of insurance proceeds by the Insurance Trustee or at such earlier date as may be determined appropriate by the Board, in its sole and absolute discretion, the Board shall enter into a contract for a specific dollar amount with a licensed contractor or contractors for the repair or rebuilding of all of the damaged or destroyed portions of the Common Elements, as nearly as practicable to the original plans and specifications thereof and in accordance with all applicable building codes.
- ii) The Board shall enter into said contract with a licensed contractor or contractors which shall have provisions for periodic disbursements of funds by the Insurance Trustee. Disbursements to the contractor shall be made subject to the prior presentation of an architect's certificate and contractor's requisition containing such provisions as may be appropriate under the circumstances and deemed suitable by the Board.
- iii) The Board shall employ an architect or other qualified party to supervise the repair and rebuilding to insure that such work, services and supplies are of proper quality and that construction is completed in a workmanlike manner and according to plans and specifications.

12.2(h) Insufficient Insurance Proceeds. In the event of a property loss for which the proceeds of property insurance carried by the Association are insufficient to cover the costs, either estimated or actual, of reconstruction and/or repair as necessary, the Board shall assess all affected Unit Owners in sufficient amounts to provide funds to complete the work of repairing or reconstructing the Common Elements. Unit Owners shall be assessed in proportion to their respective undivided ownership interest in the Common Elements. In no event will any



such Assessments be made against Units that are not yet obligated to contribute towards Common Expenses pursuant to Section 6.4(a).

12.2(i) Assignment to Mortgagee. If the Association decides not to repair or restore the damaged property in accordance with N.J.S.A. 46:8B-24, any insurance proceeds payable to the Unit Owner as a result of damage or destruction to his Unit and/or interest in the Common Elements are hereby assigned and shall be paid to any Mortgagee for that Unit as their interests may appear, for application to the outstanding mortgage debt and the excess, if any, shall be paid to the applicable Unit Owners.

12.2(j) Excess Insurance Proceeds. Any insurance proceeds in excess of the amount needed to complete reconstruction and/or repair shall be retained by the Association (if the excess is derived from a Common Element loss) or paid over to the Unit Owner or Owners affected (if the excess proceeds are derived from losses incurred by the Unit Owners) in proportion to their respective undivided ownership interest in the Common Elements.

### **ARTICLE 13. Total or Partial Condemnation.**

13.1. General. This Article shall be deemed to be supplemental to and not in contravention of the provisions of N.J.S.A. 48:8B-25, "Eminent Domain."

13.2. Notice and Participation of Unit Owners. The Board shall advise the Unit Owners of any threatened or actual condemnation proceedings and shall keep the Unit Owners reasonably apprised of the prosecution of said proceedings. The Association, by its Board, shall represent the Unit Owners in any proceedings or in the negotiation of settlements and agreements with any condemning authority for the acquisition of any Common Element or part thereof. The Board is appointed the attorney-in-fact for all Unit Owners for such purposes.

13.3. Allocation of Awards. In the event of a taking or acquisition of part or all of a Common Element by a condemning authority, the award or proceeds of settlement shall be payable to the Association, for distribution by the Association among the Unit Owners in proportion to each Unit Owner's undivided percentage interest in the undivided Common Elements, except to the extent that the Association determines to apply the proceeds to the repair or restoration of any damage or destruction from the condemnation action.

Within 30 days of receiving the proceeds of said threatened or actual condemnation action, the Board shall advise the Unit Owners and their Mortgagees of the proposed distribution and/or use of the proceeds. The determinations of the Board as to the amount of the settlement or acceptance of any judgment or any determination to appeal and the decision of the Board as to whether to replace or reconstruct or restore the facilities and/or Common Elements acquired by the condemning authority shall be binding upon all Unit Owners and their Mortgagees. However, the decision of the Board as to any amount to be distributed to or withheld from any Unit owner and/or his Mortgagee shall not be binding upon said parties.

13.4. Reallocation After Condemnation. If one or more Units are taken in their entirety by the condemning authority, each affected Unit's entire percentage of interest in the Common

Elements and its liability for Common Expenses automatically shall be reallocated to the remaining Units on the same basis as their respective percentage interests and Common Element liabilities were originally calculated. The Board then shall amend the Master Deed to reflect the reallocations based upon the reduced size of the Condominium. Any portion of a Unit remaining in the Condominium after a condemnation proceeding shall be considered part of the Common Elements.

If the entire Condominium is taken by eminent domain, the proceeds of condemnation shall be paid to the Association for distribution among all Unit Owners according to their percentage of interest in the Common Elements. If the condemnation is of a substantial portion of the Condominium, but less than the total, the Board shall submit the issue of whether the Condominium shall continue to a vote of the membership according to procedures set forth below.

**ARTICLE 14. Amendments to this Master Deed.**

14.1. Sponsor's Rights to Amend. The Sponsor herewith expressly reserves unto itself the right to amend and supplement the within Master Deed in whole or in part, at any time prior to the conveyance of title in the first Unit by Sponsor to any third party. In addition, the Sponsor expressly reserves for itself, its successors and assigns, for a period of 15 years from the date of the recording of this Master Deed or upon the date of the closing for the sale of the last Unit in the Condominium to the initial purchaser of same, whichever shall occur first, the right to execute any amendments to this Master Deed which they may deem appropriate to put into effect any of the changes, deletions or additions set forth below. The right to execute such amendment shall be on behalf of all contract purchasers, Unit Owners, Mortgagees, other lienholders and other parties claiming any legal or equitable interest in the Condominium or in any Unit. The amendments by Sponsor may be for the following purposes:

14.1(a) Amendments to Easements. Adding to or altering the location, size and/or purpose of easements and lands for governmental requirements, utilities, roads, access, egress, drainage, drainage basins and/or financing purposes, including creating entirely new easement for these purposes.

14.1(b) Amendments for Alteration. Altering the number of unbuilt Units within any portion of the Property so as to increase or decrease the number of said Units, and to alter the style of said Units and Buildings. The right to alter the number of Units, and the types and numbers of Buildings shall not include the right to diminish the size of the lands dedicated to the Condominium.

14.1(c) Amendments Concerning Third Parties. Permitting the users or occupants of other lands owned or controlled by the Sponsor, or if directed by a governmental agency as a condition of approval, to utilize easements, roads, drainage facilities, utility lines and the like within or servicing the Condominium, on fair and equitable terms and conditions to be negotiated by the Board.

14.1(d) Amendments to Modify Sponsor's Rights. Surrendering or modifying rights of the Sponsor in favor of the Unit Owners, their respective Mortgagee and/or the Association.

14.1(e) Amendments for Substitution. Substituting a new Sponsor or a successor-in-interest as Sponsor at any time at Sponsor's own discretion without the consent of the Board or any other party.

14.1(f) Amendments for Technicalities. Correcting, supplementing and providing technical changes to the Master Deed and any of its amendments.

14.1(g) Other Amendments. To revise the Master Deed as may be required by any lender or by any governmental agency having regulatory jurisdiction over the Condominium or any governmental or quasi-governmental agency insuring the Mortgage on any Unit or by any title insurance company; provided however, except as expressly provided in this Master Deed, that no such agreement, document, or supplement which substantially adversely affects the value or substantially alters the floor plan of any closed Unit, or substantially changes the percentage of the undivided ownership interest in the Common Elements, except as contemplated herein, or substantially increases the financial obligation of a Unit Owner(s) or reserves any additional or special privileges, except as contemplated herein, shall be made without the prior written consent of the affected Unit Owner(s) and all holders of any Mortgage encumbering same; or if such agreement, document, amendment or supplement adversely affects the priority or validity of any Mortgage which encumbers the Condominium or any Unit therein, without the prior written consent of the holders of all such Mortgages.

14.1(h) With respect to Sections (a) and (c) above, all such easements, rights and encumbrances will be reduced to a writing and recorded.

14.2. Association's Rights to Amend. Upon the passing of control of the Association from the Grantor to its members, as required by statute, and except as set forth below regarding limitations on amendments, an amendment may be made to this Master Deed if at least 67% of the allocated votes in the Association approve the amendment at any meeting of the Association duly held in accordance with the provisions of the By-laws. All Units, whether entitled to vote on other matters of the Association or not, will be entitled to vote on amendments to the Master Deed subject to the right of Sponsor's lender to disapprove any such amendment.

The Sponsor shall not be permitted to cast any votes held by it for unsold Units for the purpose of amending the Master Deed, By-laws or any other document for the purpose of changing the permitted use of a Unit, or for the purpose of reducing the Common Elements or facilities.

14.3. No amendment by the Association shall impair or adversely affect the rights of the Sponsor or cause the Sponsor to suffer any financial, legal or other detriment, as determined in Sponsor's sole discretion, including but not limited to any direct or indirect interference with the sale of Units, or the assessment of the Sponsor for capital improvements, special or emergency assessments.

14.4. Any amendment of the Master Deed will become effective only upon the recording of such amendment in the office of the Clerk of Morris County. The Sponsor will thereafter provide copies of said amendment to each Unit Owner and Mortgagee affected. The failure to provide a copy to any required party shall not affect the validity of the amendment.

**ARTICLE 15. Limitations on the Sponsor and Board as to Amendments.**

The rights of the Sponsor and of the Board to amend the Master Deed as they are set forth in this Master Deed are limited as follows:

15.1. Amendments to Article 11. The Board may not amend Article 11, "Provisions for Benefit of Mortgagees," of this Master Deed without complying with Article 11 or without the approval of the Sponsor if Sponsor owns at least one Unit.

15.2. None of the above limitations shall be deemed to restrict the rights of the Sponsor to amend as set forth in Article 14 of this Master Deed.

15.3. An addition or amendment to this Master Deed and the other constituent documents shall not be considered to be material if it is for the purpose of correcting technical errors, adding technical information or for clarification only.

15.4. Mechanisms for amending the Association By-Laws are set forth in the By-Laws annexed to this Master Deed.

15.5. At no time shall the Association or the Board impose any right of first refusal or similar restriction on any Units within the Condominium. Any such imposition shall be void and of no effect.

**ARTICLE 16. General Provisions.**

16.1. Power of Attorney.

16.1(a) Sponsor's Power of Attorney. The Sponsor hereby reserves for itself, its successors and assigns, for the period set forth in Section 14.1, the right to execute on behalf of all contract purchasers, Unit Owners, Mortgagees, other lien holders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to the constituent documents (including this Master Deed) as permitted herein.

16.1(a)(1) Appointment. By acceptance of a Deed to any Unit or by the acceptance of any other legal or equitable interest in the Condominium each and every such contract purchaser, Unit Owner, Mortgagee or other lien holder or party having a legal or equitable interest in the Condominium does automatically and irrevocably make, constitute, appoint and confirm the Sponsor, its successors and assigns as attorney-in-fact for the purpose of executing such amendments to the Master Deed, By-laws and other instruments necessary to effect the foregoing subject to the limitations set forth below. In executing any amendment, the Sponsor's execution of the amendment shall be deemed to be an execution by all Unit Owners and other holders of interests without a specific listing or enumeration of those parties;



16.1(a)(2) Limitations. No such agreement, document, amendment or supplement which substantially adversely affects the value or substantially alters the dimension of a Unit or changes the percentage of the undivided interest in the Common Elements (except as set forth in Article 14.1 regarding Sponsor's Rights to Amend) or substantially increases the financial obligations of the Unit Owners or reserves any additional or special privileges for the Sponsor not previously reserved, shall be made without the prior written consent of the affected Unit Owner(s) and all Mortgagees encumbering the affected Unit(s). Any such agreement, document, amendment or supplement which adversely affects the priority or validity of any Mortgage which encumbers a Unit shall not be made without the prior written consent of the Mortgagees.

16.1(a)(3) Duration. The power of attorney expressed herein is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and same shall run with the title to any and all Units and be binding upon the heirs, personal representatives, successors and assigns of any of the aforementioned parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to such powers. Said power of attorney shall be vested in the Sponsor, its successors and assigns until 15 years from the date of this Master Deed being recorded in the office of the Morris County Clerk or the initial conveyance of all Units in the Condominium, whichever is earlier. Thereafter, said powers of attorney shall automatically vest in the Association to be exercised by the Board;

16.1(a)(4) The Sponsor may exercise its rights to amend with or without invoking its powers of appointment.

16.1(b) Association's Power of Attorney. By acceptance of a Deed to any Unit or by the acceptance of any other legal or equitable interest in the Condominium, each and every such contract purchaser, Unit Owner, Mortgagee or other lienholder or party having a legal or equitable interest in the Condominium does automatically and irrevocably name, constitute, appoint and confirm the Association as attorney-in-fact for the following purposes:

16.1(b)(1) To acquire title to or lease any Unit whose Owner desires to surrender, sell or lease the same in the name of the Association or its designees, corporate or otherwise, on behalf of all Unit Owners to convey, sell, lease, mortgage, (but not to vote the votes appurtenant thereto) or otherwise dispose of any such Units so acquired to or sublease any units so leased by the Association;

16.1(b)(2) To prepare, execute and record any amendments to the Master Deed required by the provisions of the Master Deed.

16.2. Enforcement. Enforcement of the provisions of this Master Deed shall be by any appropriate proceeding at law or in equity in any court of administrative tribunal having jurisdiction over any person or persons, firm or corporation violating or attempting to violate any covenant herein contained, either to restrain or enjoin such violation or threatened violation to recover damages; and against any Unit Owner to enforce any lien created by this Master Deed in any covenant herein contained. Failure by the Sponsor, the Association or any Member thereof

to enforce any covenant herein for any period of time shall not be deemed a waiver or an estoppel of the right to enforce same thereafter.

16.3. Maintenance by Municipality. In the event the Condominium is not maintained in reasonable order and condition, the Town of Morristown shall have the right to enter upon and maintain the Condominium. The assumption of such maintenance responsibility shall be in accordance with the procedures set forth in N.J.S.A. 40: 55D-43(b). The cost of same shall be assessed, enforced and collected in accordance with the provisions of N.J.S.A. 40:55D-43(c). Despite any limitations as to the applicability of N.J.S.A. 40:55D-43(b) and (c) to the maintenance of "open space," the provisions of this subsection shall be deemed to apply to all maintenance obligations as set forth in this Master Deed. The cost of such maintenance by the municipality shall be assessed pro rata against the Owners of each Unit affected thereby and shall become a lien and tax on each such Unit and shall be enforceable by the Town of Morristown in the manner provided by law with respect to real estate taxes assessed directly against each Unit.

16.4. Validity. The invalidity of any provision of this Master Deed, By-laws and/or Certificate of Incorporation shall not be deemed to impair or affect in any manner the validity or enforceability or to affect the remainder of this Master Deed, By-laws or Certificate of Incorporation, and if any particular sections are found to be invalid, all of the other provisions of this Master Deed, By-laws and Certificate of Incorporation shall continue in full force as if such invalid provisions had not been included.

16.5. Waiver. No provision of this Master Deed shall be deemed to have been waived by reason of any failure to enforce same, irrespective of the number of violations or breaches which may occur.

16.6. Gender and Number. The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural and vice versa whenever context so requires.

16.7. Captions. The captions used within this Master Deed are for the convenience of the reader and do not constitute a material portion of the document.

16.8. Rule Against Perpetuities. If any provision of this Master Deed or the By-laws shall be interpreted to constitute a violation of the rule against perpetuities, then such provision shall be deemed to remain in effect until the death of the last survivor of the now living descendants of the current President of the United States, plus 21 years.

#### **ARTICLE 17. Sponsor's Rights and Obligations/Transfer of Rights.**

17.1. Ratification, Confirmation and Approval of Agreements. The fact that some or all of the Officers, Trustees, Members or employees of the Association and the Sponsor may be identical, and the fact that the Sponsor or its nominees have heretofore or may hereafter enter into agreements with the Association or with third parties, will not invalidate any such agreements and the Association and its Members, from time to time, will be obligated to abide

by and comply with the terms and conditions thereof. The purchase of a Unit, and the acceptance of the Deed therefore by any party, shall constitute the ratification, confirmation and approval by such purchaser, his heirs, legal representatives, successors and assigns, of the propriety and legality of said agreements or said agreement, or any other agreements authorized and permitted by the New Jersey Condominium Act, this Master Deed, the Certificate of Incorporation or the By-laws.

17.2. Rights Reserved to Sponsor. Despite anything to the contrary herein or in the Certificate of Incorporation or By-laws of the Association, the Sponsor hereby reserves for itself, its successor and assigns, for so long as it owns one or more Units in the Condominium, the right to sell, lease, mortgage, sublease or otherwise dispose of any unsold Units within the Condominium.

17.3. Transfer of Special Sponsor's Rights. No special rights created or reserved to the Sponsor under this Master Deed ("Special Sponsor's Rights") may be transferred except by an instrument evidencing the transfer recorded in the Office of the Morris County Clerk. The instrument shall not be effective unless executed by the transferee.

17.4. Liability of Transferor. Upon transfer of any such Special Sponsor's Rights, the liability of the transferor is as follows:

17.4(a) A transferor is not relieved of any obligation of liability arising before the transfer and remains liable for warranty obligations imposed upon him. Lack of privity does not deprive any Unit Owner of standing to bring an action to enforce any obligation of the transferor.

17.4(b) If a transferor retains any such Special Sponsor's Rights, or if a successor to any such Special Sponsor's Rights is an affiliate of the Sponsor, the transferor is subject to liability for all obligations and liabilities imposed on a Sponsor by law or by the Master Deed, arising after the transfer, and is jointly and severally liable with the successor for the liabilities and obligations of the successor which relate to the Condominium.

17.4(c) A transferor who retains no such Special Sponsor's Rights has no liability for any act or omission or any breach of a contractual or warranty obligation arising from the exercise of any such Special Sponsor's Right by a successor Sponsor who is not an affiliate of the transferor.

17.5. Transfer of Rights Requested. Unless otherwise provided in a Mortgage instrument or Deed of trust, in case of foreclosure of a Mortgage, sale by a trustee under a Deed of trust or sale under any bankruptcy or receivership proceedings, of any Units owned by Sponsor in the Condominium, a person acquiring title to all the Units being foreclosed or sold, but only upon his request, succeeds to all such Special Sponsor's Rights, or only to any such Special Sponsor's Rights to maintain models, sales offices and signs. The judgment or instrument conveying title shall provide for transfer of only the Special Sponsor's Rights requested.

17.6. Foreclosure, Bankruptcy, Receivership. Upon foreclosure, sale by a trustee under a Deed of trust, or sale under any bankruptcy or receivership proceedings, of all Units in the Condominium owned by the Sponsor:

17.6(a) The Sponsor ceases to have any such Special Sponsor's Rights; and

17.6(b) The period of Sponsor control terminates unless the judgment or instrument conveying title provides for transfer of all such Special Sponsor's Rights to a successor to Sponsor.

17.7. Liability of Successors. The liabilities and obligations of persons who succeed to all Special Sponsor's Rights are as follows:

17.7(a) A successor to all such Special Sponsor's Rights who is an affiliate of the Sponsor is subject to all obligations and liabilities imposed on any Sponsor by law or by the Master Deed.

17.7(b) A successor to all such Special Sponsor's Rights, other than a successor described in paragraphs (c) or (d) hereof who is not an affiliate of Sponsor, is subject to all obligations and liabilities imposed upon Sponsor by law or the Master Deed, but he is not subject to liability for misrepresentations or warranty obligations on improvements made by any previous Sponsor or made before the Condominium was created, or for a breach of fiduciary obligation by any previous Sponsor.

17.7(c) A successor to only a Special Sponsor's Right to maintain models, sales offices and signs, if he is not an affiliate of Sponsor, may not exercise any other Special Sponsor's Right, but is not subject to any liability or obligation as a Sponsor.

17.7(d) A successor to all Special Sponsor's Rights who is not an affiliate of Sponsor and who succeeded to those rights pursuant to a Deed in lieu of foreclosure or a judgment or instrument conveying title to Units under this Article 17, subparagraph 17.5 aforesaid, may declare his intention in a recorded instrument to hold those rights solely for transfer to another party. Thereafter, until transferring all such Special Sponsor's Rights to any person acquiring title to any Unit owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than the right to control the Board for the duration of any period of Sponsor control, and any attempted exercise of those rights is void. So long as a successor Sponsor may not exercise Special Sponsor's Rights under this subparagraph he is not subject to any liability or obligation as a Sponsor other than liability for the successor's acts and omissions under the Master Deed.

17.8. Ineffectiveness. Nothing in this Article 17 shall subject any successor to a Special Sponsor's Right to any claims against or other obligations of a transferor other than claims and obligations arising under the Master Deed.

**ARTICLE 18. Exhibits Attached Hereto and Made a Part Hereof.**

- A Metes and Bounds Description and Survey
- B Condominium Plan
- C Architecturals / Floor Plans
- D Chart of Percentage Interest in Common Elements
- E By-laws of the Condominium Association
- F Certificate of Incorporation of the Condominium Association
- G Deed Notice

**ARTICLE 19. Signatures.**

IN WITNESS WHEREOF, Pulte Homes of NJ, Limited Partnership has caused this document to be duly signed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

WITNESS:

PULTE HOMES OF NJ, LIMITED PARTNERSHIP  
By: Pulte Home Corporation of the  
Delaware Valley, its General Partner

By: \_\_\_\_\_  
James P. Mullen, Assistant Secretary

STATE OF NEW JERSEY :

:ss

COUNTY OF SOMERSET :

I CERTIFY that on \_\_\_\_\_, 20\_\_, James P. Mullen personally came before me, and acknowledged under oath, to my satisfaction, that (a) he is the Assistant Secretary of Pulte Home Corporation of the Delaware Valley, the general partner of Pulte Homes of NJ, Limited Partnership, the Limited Partnership named in this instrument; (b) he was authorized to execute this instrument on behalf of the Limited Partnership, and; (c) this instrument was signed and delivered by him as the voluntary act of the general partner and the Limited Partnership.

**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1  
MASTER DEED**

**EXHIBIT A  
LEGAL DESCRIPTION AND SURVEY**

THIS PAGE INTENTIONALLY LEFT BLANK



## Richard Smith Surveyor

Courthouse Plaza • 60 Washington St., Suite 106 • Morristown, NJ 07960  
Telephone: 973-540-9004 • Fax: 973-292-0220 • www.smithsurveyor.com

SmithSurveying Inc.

March 9, 2012

Tax Lot 10 in Block 6005  
Town of Morristown, Morris County, New Jersey

Beginning at a point in the southwesterly sideline of Maple Avenue, 66 foot wide Right of Way, where the same is intersected by the division line between lands hereindescribed and lands now or formerly of KPC Properties, LLC as described in Deed Book 5289 at Page 17, distant 129.51 measured along the same from the intersection with Market Street, and running; thence,

1) along Maple Avenue, South 36 degrees 34 minutes 00 seconds East 162.05 feet to a point where the same is intersected by the division line between lands hereindescribed and lands now or formerly of HMC Properties, Inc. as described in Deed Book 4090 at Page 316, said point distant 114.95 feet from the intersection with DeHart Street, 44.22 foot wide Right of Way per prior surveys, 43 foot wide Right of Way per Tax Map; thence,

2) along HMC Properties, Inc, then along lands now or formerly of Godby as described in Deed Book 3170 at Page 336, then along lands now or formerly of 29 DeHart Street, LLC as described in Deed Book 5362 at Page 57, then along land now or formerly of Rock as described in Deed Book 5733 at Page 76, then along lands now or formerly of Magnier as described in Deed Book 5900 at Page 298, then along lands now or formerly of Rock as described in Deed Book 5733 at Page 80, then along lands now or formerly of Scheer Realty 41, LLC as described in Official Records Book 20784 at Page 416, then along lands now or formerly of Scheer Realty, LLC as described in Deed Book 5037 at Page 34, South 50 degrees 49 minutes 30 seconds West 442.10 feet to a point in the northeasterly sideline of MacCulloch Avenue, formerly Doughty Street, 66 foot wide Right of Way per Tax Map; thence,

3) along the same, North 35 degrees 28 minutes 00 seconds West 142.12 feet to a point where the same is intersected by the division line between lands hereindescribed and lands now or formerly of Caher Road Property Management, LLC as described in Official Records Book 20800 at Page 207; thence,

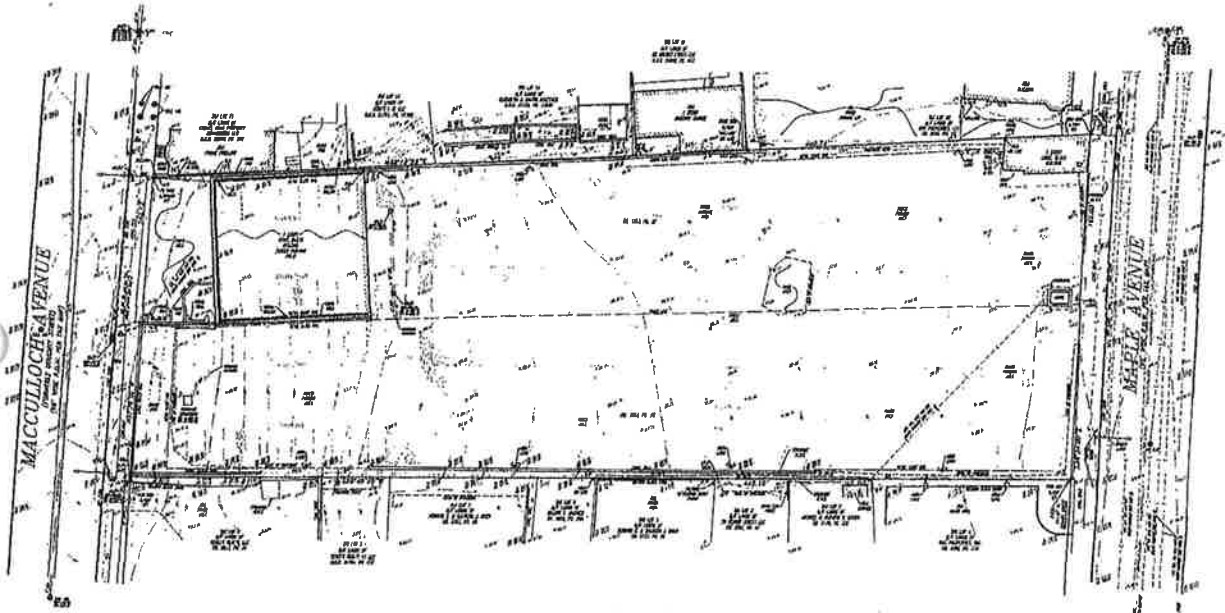
4) along Caher Road Property Management, LLC, then along lands now or formerly of Jody's L W, LLC as described in Official Records Book 21754 at Page 15180, then along lands now or formerly of Hoeffner as described in Official Records Book 21735 at Page 14050, then along lands now or formerly of 66 Market Street, LLC, as described in Official Records Book 20806 at Page 443, then along KPC Properties, LLC, North 48 degrees 12 minutes 59 seconds East 440.74 feet to the point and place of beginning.

This description has been written by Richard F. Smith, Jr. in accordance with his survey dated June 7, 2004, last revised on March 8, 2012.

Richard F. Smith, Jr., Professional Land Surveyor License No. 24GS02504800



NORTH  
 0° 00' 00" N



**LEGEND**

□	LOT
—	STREET
—	LOT BOUNDARY
—	LOT CENTERLINE
—	LOT CORNER

**DO NOT REMOVE UNDER PENALTY OF LAW**

ANYONE WHO REMOVES OR DESTROYS ANY PART OF THIS MAP OR ANY INFORMATION THEREON SHALL BE LIABLE TO THE COUNTY OF MONTGOMERY FOR THE COST OF REPAIRING OR REPLACING THE SAME AND FOR A FINE OF NOT LESS THAN FIFTY DOLLARS AND NOT MORE THAN ONE HUNDRED DOLLARS.



INDEX

LOT	OWNER
1	...
2	...
3	...
4	...
5	...
6	...
7	...
8	...
9	...
10	...

CLERK OF LANDS IN THE TOWN OF MONTGOMERY, MONTGOMERY COUNTY, NEW JERSEY. PAR. 101 TO BLOCK 4000.

*Richard F. Smith, Jr.*

**RICHARD F. SMITH, JR.**

CLERK OF LANDS

OFFICE: 200 N. 10TH ST., PHILADELPHIA, PA. 19107

DATE: JUNE 1, 2004

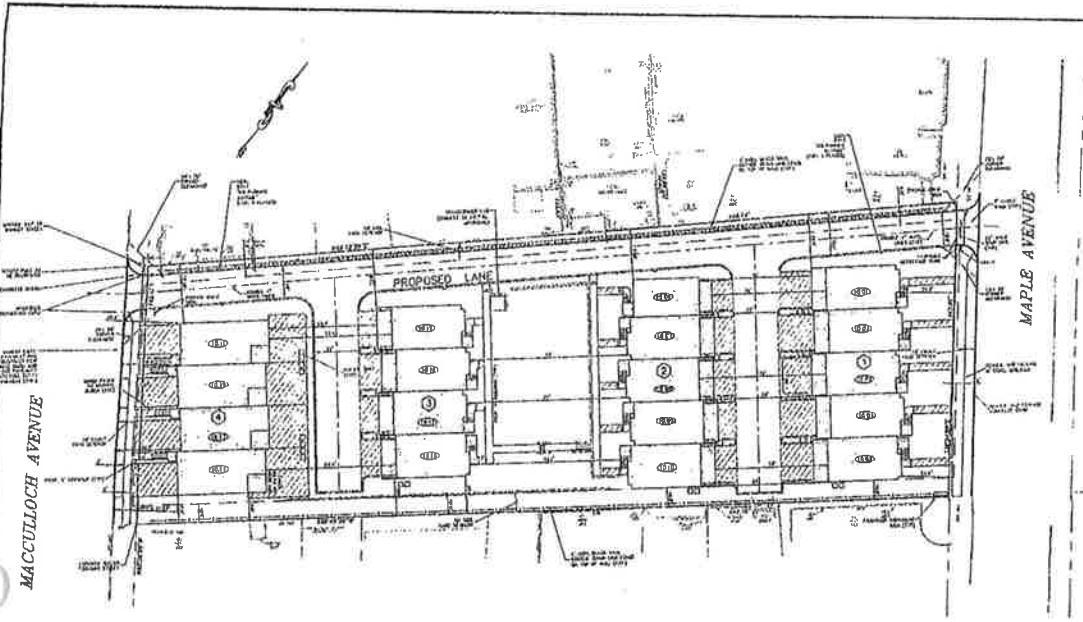
REPRODUCED FROM ORIGINAL RECORDS OF THE CLERK OF LANDS IN THE TOWN OF MONTGOMERY, MONTGOMERY COUNTY, NEW JERSEY.

**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1  
MASTER DEED**

**EXHIBIT B  
CONDOMINIUM PLAN**

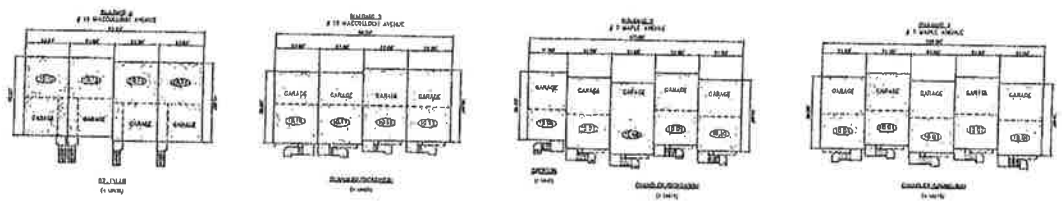
**THIS PAGE INTENTIONALLY LEFT BLANK**



- NOTES:**
1. UNLESS INDICATED OTHERWISE, ALL DIMENSIONS ARE IN FEET AND INCHES. DIMENSIONS OF COMMON AREAS SHALL BE AS SHOWN ON THIS PLAN. DIMENSIONS OF COMMON AREAS SHALL BE AS SHOWN ON THIS PLAN.
  2. ALL APPROXIMATE DIMENSIONS ARE SHOWN AS OF THE DATE OF THIS PLAN.
  3. ALL APPROXIMATE DIMENSIONS ARE SHOWN AS OF THE DATE OF THIS PLAN.
  4. UNLESS OTHERWISE SPECIFIED, ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.
  5. THE PLAN IS PREPARED BY ASSUMING THAT ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.
  6. THE PLAN IS PREPARED BY ASSUMING THAT ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.
  7. THE PLAN IS PREPARED BY ASSUMING THAT ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.
  8. THE PLAN IS PREPARED BY ASSUMING THAT ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.
  9. THE PLAN IS PREPARED BY ASSUMING THAT ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.
  10. THE PLAN IS PREPARED BY ASSUMING THAT ALL DIMENSIONS ARE TO THE CENTERLINE OF THE COMMON AREAS.

**LEGEND**

- LOT BLOCK
- MAPLE STREET
- BLOCK NAME
- BUILDING NUMBER
- UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT



THIS PLAN IS NOT TO BE USED FOR CONSTRUCTION STAKEOUT PURPOSES

DATE	10/1/2010
PROJECT	MORRISTOWN SQUARE, A CONDOMINIUM
CLIENT	BLUCK GROUP, LOT 10
LOCATION	TOWN OF MORRISTOWN, MORRISTOWN, NEW JERSEY
<b>CONDOMINIUM PLAN</b>	

**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1  
MASTER DEED**

**EXHIBIT C  
ARCHITECTURALS / FLOOR PLANS**

**THIS PAGE INTENTIONALLY LEFT BLANK**



**Pulte**  
Homes

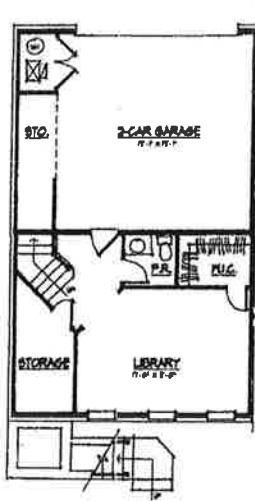
FRONT ELEVATION  
 CHANDLER/DICKENSON  
 MANOR TOWNHOMES  
 MORRISTOWN  
 MORRIS COUNTY, NEW JERSEY

SCALE: 1/8" = 1'-0"  
 1/8" = 1'-0"  
 August 17, 2006

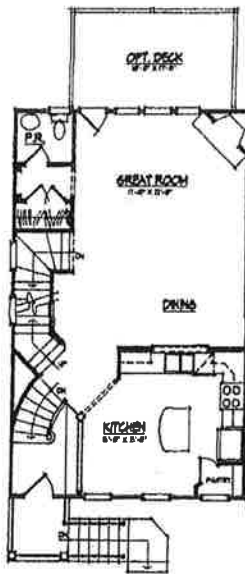
A-1

FEINBERG ASSOCIATES, INC.

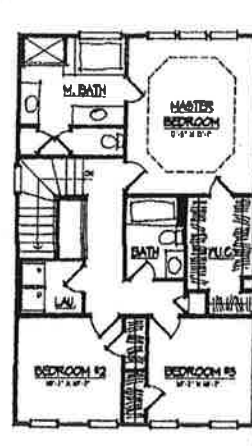
ARCHITECTS  
 1000 HIGHLAND AVENUE, SUITE 200  
 MORRISTOWN, NJ 07960  
 TEL: 908-526-1100 FAX: 908-526-1101  
 WWW.FEINBERGASSOCIATES.COM



FIRST FLOOR PLAN  
SCALE: 1/4" = 1'-0"



SECOND FLOOR PLAN  
SCALE: 1/4" = 1'-0"



THIRD FLOOR PLAN  
SCALE: 1/4" = 1'-0"

SQ. FT. CALC.	
1ST FLOOR:	339 SF.
2ND FLOOR:	903 SF.
3RD FLOOR:	849 SF.
TOTAL:	2,091 SF.
GARAGE:	441 SF.



FLOOR PLANS  
 CHANDLER/DICKENSON  
 MANOR TOWNHOMES  
 MORRISTOWN  
 MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"

DATE: 11/11/08

FEINBERG ASSOCIATES, INC.

ARCHITECTS & PLANNERS  
 1100 Morris Avenue, Suite 200, Morristown, NJ 07960  
 TEL: 908.582.5100 FAX: 908.582.5101  
 www.feinbergassociates.com

A-2





REAR ELEVATION  
 'CHANDLER / DICKENSON'  
 MANOR TOWNHOMES  
 MORRISTOWN  
 MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"  
 1/8"

A-3

NOVEMBER 08

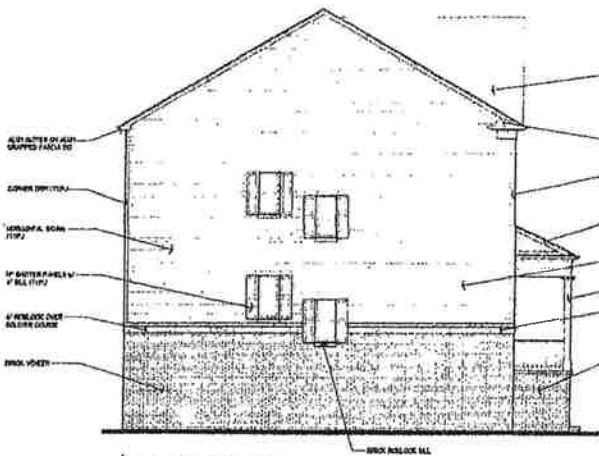
FEINBERG ASSOCIATES P.C.

ARCHITECTS / INTERIORS DESIGNERS / LANDSCAPE DESIGNERS

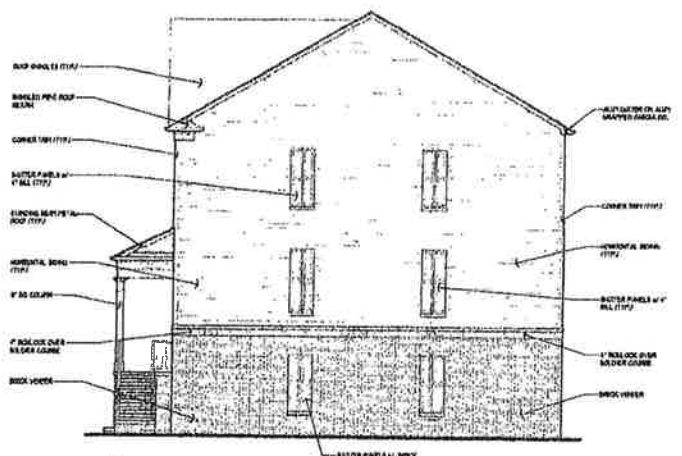
1700 Old Bridge Road, Suite 100, Edison, NJ 08817

14 Old Bridge Road, Suite 100, Edison, NJ 08817

www.feinberg.com



LEFT SIDE ELEVATION  
SCALE: 1/4" = 1'-0"



RIGHT SIDE ELEVATION  
SCALE: 1/4" = 1'-0"



'SIDE ELEVATIONS'  
'CHANDLER/DICKENSON'  
◇ MANOR TOWNHOMES ◇  
MORRISTOWN  
MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"  
NOVEMBER 6, 2011

**FEINBERG ASSOCIATES INC.**  
ARCHITECTURE & DESIGN INTERIOR DESIGN

115 South Main Street, Suite 200, Morristown, NJ 07960  
Tel: 908.262.1001 Fax: 908.262.1000  
www.feinbergassociates.com

A-4



'FRONT ELEVATION'  
TYLER  
◇ MANOR TOWNHOMES ◇  
MORRISTOWN  
MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"  
1/8"

NOVEMBER 2, 2006

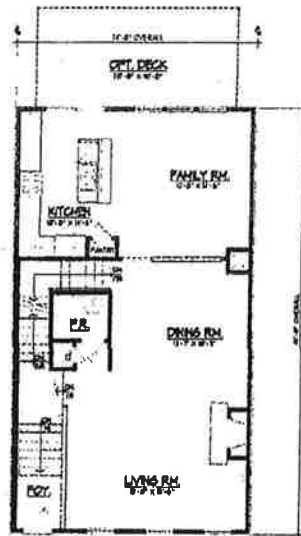
FEINBERG ASSOCIATES INC.

ARCHITECTS & DESIGNERS  
125 HIGHLAND AVENUE, SUITE 200, MORRISTOWN, NJ 07960  
TEL: 908.512.3000 FAX: 908.512.3001  
www.feinbergassociates.com

A-5



FIRST FLOOR PLAN  
SCALE: 1/4" = 1'-0"



SECOND FLOOR PLAN  
SCALE: 1/4" = 1'-0"



THIRD FLOOR PLAN  
SCALE: 1/4" = 1'-0"

SQ. FT. CALC.	
1ST FLOOR	410 SF
2ND FLOOR	994 SF
3RD FLOOR	336 SF
TOTAL	1740 SF
GARAGE	268 SF



FLOOR PLANS  
TYLER  
◇ MANOR TOWNHOMES ◇  
MORRISTOWN  
MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"  
1/24  
MORRIS & ME  
FEINBERG ASSOCIATES PC  
ARCHITECTURE & DESIGN INTERIOR DESIGN  
100 Morris Place, 100 Third Road, Suite 200, Morris Township  
NJ 07960-1000 TEL: 908-529-2000 FAX: 908-529-2008  
www.feinbergassociates.com

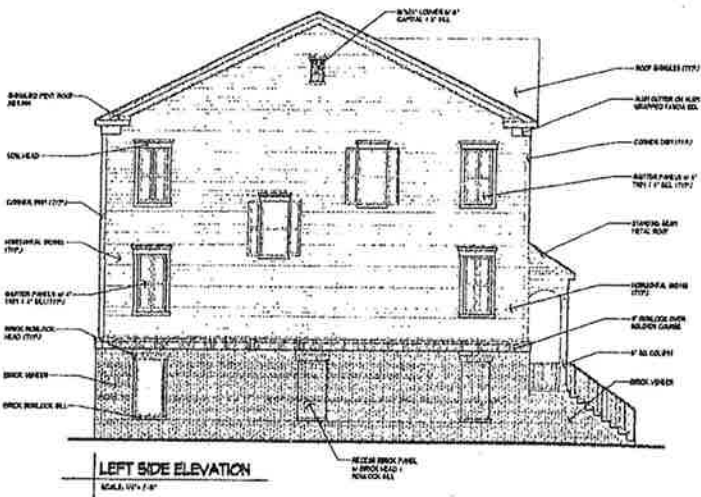
A-6



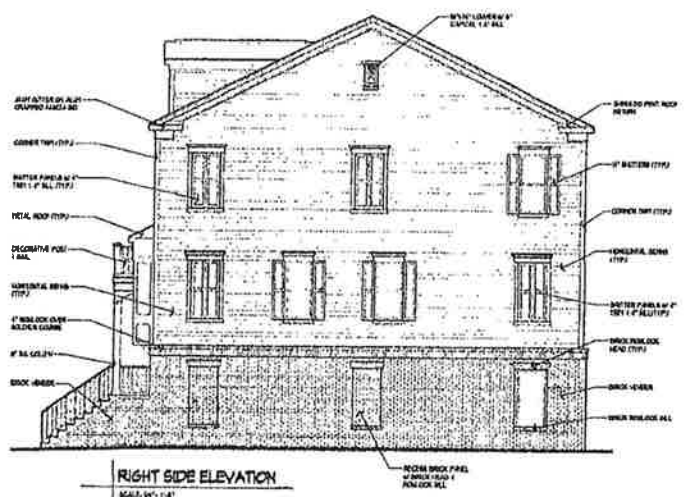
REAR ELEVATION  
 TYLER  
 ◇ MANOR TOWNHOMES ◇  
 MORRISTOWN  
 MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"  
 NOVEMBER 4, 2009  
 FEINBERG ASSOCIATES, INC.  
 ARCHITECTS  
 1000 ...  
 MORRISTOWN, NJ 07960  
 TEL: ...  
 FAX: ...  
 WWW.FEINBERGASSOCIATES.COM

A-7



LEFT SIDE ELEVATION  
SCALE: 1/4" = 1'-0"



RIGHT SIDE ELEVATION  
SCALE: 1/4" = 1'-0"



'SIDE ELEVATIONS'  
'TYLER'  
MANOR TOWNHOMES  
MORRISTOWN  
MORRIS COUNTY, NEW JERSEY

SCALE: 1/4" = 1'-0"  
15/08/2008 11:50 AM  
FEINBERG ASSOCIATES, INC.  
ARCHITECTURAL & DESIGN SERVICES  
1000 ...  
www.feinberg.com

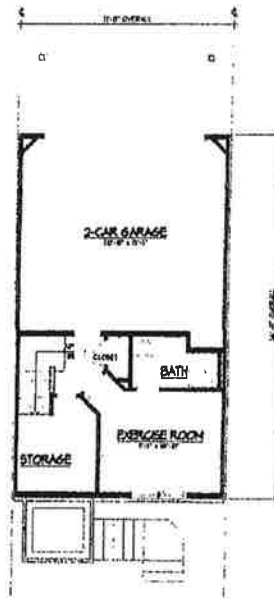
A-8



CHANDLER OVERTON

PARTIAL FRONT ELEVATION

SCALE: 1/4" = 1'-0"



FIRST FLOOR PLAN

SCALE: 1/4" = 1'-0"

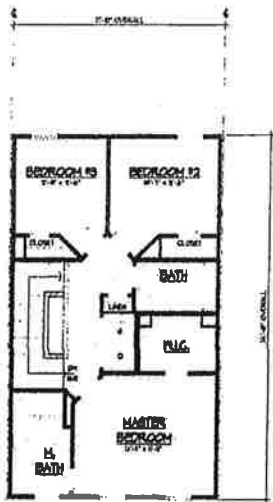


FRONT ELEVATION & 1ST FLOOR PLAN  
 OVERTON  
 ◇ MANOR TOWNHOMES ◇  
 MORRISTOWN  
 MORRIS COUNTY, NEW JERSEY

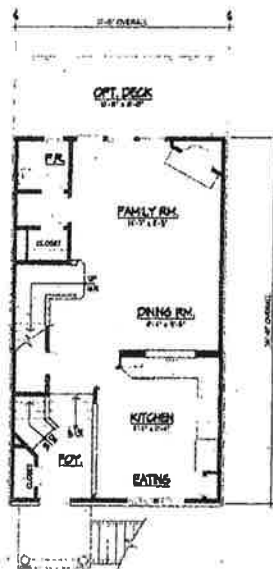
SCALE: 1/4" = 1'-0"  
 1/24

A-9

FORWARDED BY  
**FEINBERG ASSOCIATES** PC  
 ARCHITECTS - INTERIORS - DESIGN & CONSTRUCTION  
 1100 MORRISTOWN AVENUE, SUITE 200  
 MORRISTOWN, NJ 07960  
 TEL: 908.512.0100 FAX: 908.512.0101  
 WWW.FEINBERGASSOCIATES.COM



THIRD FLOOR PLAN  
SCALE: 1/4" = 1'-0"



SECOND FLOOR PLAN  
SCALE: 1/4" = 1'-0"

'2ND & 3RD FLOOR PLANS'  
'OVERTON'  
◇ MANOR TOWNHOMES ◇  
MORRISTOWN  
MORRIS COUNTY, NEW JERSEY



SCALE: 1/4" = 1'-0"  
NOVEMBER 2004  
FEINBERG ASSOCIATES, INC.  
ARCHITECTS & DESIGNERS  
1000 ...  
100 ...  
100 ...

A-10



**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1  
MASTER DEED**

**EXHIBIT D  
CHART OF PERCENTAGE INTEREST IN COMMON ELEMENTS**

**THIS PAGE INTENTIONALLY LEFT BLANK**

Chart of Percentage Interests in Common Elements

<u>Address/Unit No.</u>	<u>Block/Lot</u>	<u>% Interest</u>
7 Maple Avenue, #1	Block 6005, Lot 10.01	5.5555%
7 Maple Avenue, #2	Block 6005, Lot 10.02	5.5555%
7 Maple Avenue, #3	Block 6005, Lot 10.03	5.5555%
7 Maple Avenue, #4	Block 6005, Lot 10.04	5.5555%
7 Maple Avenue, #5	Block 6005, Lot 10.05	5.5555%
7 Maple Avenue, #6	Block 6005, Lot 10.06	5.5555%
7 Maple Avenue, #7	Block 6005, Lot 10.07	5.5555%
7 Maple Avenue, #8	Block 6005, Lot 10.08	5.5555%
7 Maple Avenue, #9	Block 6005, Lot 10.09	5.5555%
7 Maple Avenue, #10	Block 6005, Lot 10.10	5.5555%
12 Macculloch Avenue, #1	Block 6005, Lot 10.11	5.5555%
12 Macculloch Avenue, #2	Block 6005, Lot 10.12	5.5555%
12 Macculloch Avenue, #3	Block 6005, Lot 10.13	5.5555%
12 Macculloch Avenue, #4	Block 6005, Lot 10.14	5.5555%
12 Macculloch Avenue, #5	Block 6005, Lot 10.15	5.5555%
12 Macculloch Avenue, #6	Block 6005, Lot 10.16	5.5555%
12 Macculloch Avenue, #7	Block 6005, Lot 10.17	5.5555%
12 Macculloch Avenue, #8	Block 6005, Lot 10.18	<u>*5.5565%</u> 100%

Pursuant to the Condominium Act, N.J.S.A. 46:8B-9(g), the proportionate undivided interests in common elements and limited common elements appurtenant to each unit shall be stated as percentages aggregating to 100%.

\*This unit has been given a .0010% increase solely for the purpose of complying with this requirement. The owner of this unit will own an equal share of undivided interest, will have the same rights as all other unit owners to the common elements and will pay the same monthly common expense assessment as the other unit owners.

**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1  
MASTER DEED**

**EXHIBIT E  
BYLAWS OF THE CONDOMINIUM ASSOCIATION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BY-LAWS OF**

**MORRISTOWN SQUARE CONDOMINIUM ASSOCIATION, INC.**

TABLE OF CONTENTS

<u>ARTICLE</u>		<u>PAGE</u>
I	<u>GENERAL INFORMATION</u>	
	1.1 Purpose.....	1
	1.2 Definitions.....	1
	1.3 Location .....	1
	1.4 Fiscal Year .....	1
II	<u>MEMBERSHIP AND VOTING RIGHTS</u>	
	2.1 Members .....	1
	2.2 Member in Good Standing.....	1
	2.3 Associate Members .....	2
	2.4 Change in Membership.....	2
	2.5 Rights of Members.....	2
	2.6 Suspension of Rights.....	2
	2.7 Member's Contribution to Association Working Capital .....	3
	2.8 Votes .....	3
III	<u>BOARD OF TRUSTEES</u>	
	3.1 Qualifications.....	3
	3.2 Number .....	4
	3.3 Transition Elections .....	4
	3.4 Term of Office .....	5
	3.5 Removal of Trustees .....	6
	3.6 Vacancies .....	6
IV	<u>MEETINGS OF MEMBERS</u>	
	4.1 Place of Meetings.....	6
	4.2 Annual Meetings.....	7
	4.3 Special Meetings.....	7
	4.4 Notice of Meetings.....	7
	4.5 Majority, Quorum and Adjourned Meetings .....	8
	4.6 Conduct of Meetings.....	8

	4.7 Voting on Questions .....	8
	4.8 Voting in Elections of Trustees.....	9
	4.9 Voting by Mail.....	9
	4.10 Proxies.....	10
	4.11 Examiners .....	10
	4.12 Order of Business.....	11
V	TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES	
	5.1 Provisions on Behalf of the Sponsor.....	11
	5.2 Meetings of the Board; Notices; Waiver of Notice .....	12
	5.3 Quorum and Adjourned Meetings .....	14
	5.4 Non-Waiver.....	15
	5.5 Consent in Lieu of Meeting and Vote.....	15
VI	POWERS AND DUTIES OF THE BOARD OF TRUSTEES	
	6.1 General Powers and Privileges .....	15
	6.2 Duties and Responsibilities.....	17
VII	FISCAL MANAGEMENT	
	7.1 Association Budget.....	21
	7.2 Common Expense Assessment .....	22
	7.3 Determination of Annual Common Expense.....	22
	7.4 Disbursements.....	22
	7.5 Depositories .....	22
	7.6 Types of Accounts .....	22
	7.7 Reserve Funds.....	24
	7.8 Notice; Automatic Budget Increase; Emergencies .....	24
	7.9 Enforcement of Maintenance Fee Payments and Penalties for Late Payment .....	25
	7.10 Interest and Counsel Fees .....	27
	7.11 Annual Audit.....	27
	7.12 Availability of Constituent Documents and Examination of Books.....	27



VIII	OFFICERS	
	8.1 Designation .....	28
	8.2 Election of Officers .....	28
	8.3 Removal of Officers .....	28
	8.4 Duties and Responsibilities of Officers .....	28
	8.5 Other Duties and Powers .....	29
IX	COMPENSATION, INDEMNIFICATION AND EXCULPATION	
	9.1 Compensation .....	29
	9.2 Indemnification .....	29
	9.3 Exculpation .....	30
X	JUDICIARY COMMITTEE	
	10.1 Powers .....	30
	10.2 Procedures .....	30
XI	ENFORCEMENT	
	11.1 Methods and Procedures .....	31
	11.2 Waiver .....	32
XII	AMENDMENTS TO BY-LAWS	
	12.1 Amendment by Board .....	32
	12.2 Amendment by Members .....	32
XIII	CONFLICT; INVALIDITY	
	13.1 Conflict .....	33
	13.2 Invalidity .....	33
XIV	STATUTORY COMPLIANCE .....	33
XV	CORPORATE SEAL .....	33

**ARTICLE I**  
**GENERAL INFORMATION**

1.1 **Purpose.** These By-Laws are intended to govern the administration of Morristown Square Condominium Association, Inc. (also referred to hereinafter as the "Association"), a non-profit corporation organized under Title 15A of the New Jersey Statutes, and to provide for the management, administration, use and maintenance of the Common Elements described in the Master Deed for Morristown Square, a Condominium.

1.2 **Definitions.** Unless context clearly indicates otherwise, all definitions set forth in such Master Deed for Morristown Square, a Condominium are incorporated herein by reference.

1.3 **Location.** The principal office of the Association is or will be located at c/o 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920-2335.

1.4 **Fiscal Year.** The fiscal year of the Association shall be determined by the Board of Trustees; however, initially the fiscal year shall be the calendar year.

**ARTICLE II**  
**MEMBERSHIP AND VOTING RIGHTS**

2.1 **Members.** Every person or entity which is a record Owner or co-Owner of the fee title to any Unit in Morristown Square, a Condominium shall automatically be a member of the Association, unless that person or entity holds such title merely as a security interest for the performance of an obligation (included but not limited to Mortgagees). Despite the foregoing, the Sponsor will have one vote for each prospective or completed Unit.

The provisions of these By-Laws shall be applicable to and binding upon all Owners of Units within the Condominium community as said Condominium is presently defined in the Master Deed for Morristown Square, a Condominium, recorded or about to be recorded in the Morris County Clerk's Office, and as said Master Deed shall be amended from time to time in the future. Specifically, all Owners of Units in the Condominium, and all future Owners of Units upon resale, shall be subject to the regulations set forth in these By-Laws.

2.2 **Member in Good Standing.** A Member shall be deemed to be in good standing if, and only if, he shall have fully paid all installments due for assessments made or levied against him and his Unit by the Board as hereinafter provided, together with all interest, costs, attorney's fees and other expenses if any, properly chargeable to him and to his Unit. Any date set forth in

these By-Laws for determining good standing for voting purposes shall be deemed supplemental to and not in place of the record date provisions of N.J.S.A. 15A:5-7.

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

2.4 Change in Membership. Membership in the Association is appurtenant to the Ownership of a Unit or Units. Therefore, upon recording with the Morris County Clerk a Deed or other instrument establishing a new record title to a Unit, and the delivery to the Secretary of the Association of a notice of the new record title, together with such sums of money required for the payment of the Association's working capital contribution, a change in membership shall be made in the records of the Association and the membership of the prior Unit Owner shall be terminated thereby.

2.5 Rights of Members. Every Member in good standing in the Association, pursuant to the provisions of the Certificate of Incorporation, the Master Deed and these By-Laws, shall have the privileges of use and enjoyment of the Common Elements subject to the rights of the Association to:

- A. Promulgate rules and regulations governing such use and enjoyment; and
- B. Suspend the use and enjoyment of the Common Elements as provided herein and in the Master Deed.

2.6 Suspension of Rights. The membership and voting rights of any Member may be suspended by the Board for any period during which any type of assessment against the Unit to which his membership is appurtenant remains unpaid, but upon payment of such assessments and any interest accrued thereon, the Member's rights and privileges shall be restored immediately and automatically.

Further, if rules and regulations governing the use of the Common Elements and the conduct of persons thereon have been established as authorized in the By-Laws, the rights and privileges of any person in violation thereof or in violation of any non-monetary covenant of the Master Deed may be suspended at the discretion of the Board for a period not to exceed 30 days for any single violation and if the violation is of a continuing nature, such rights and privileges

may be suspended indefinitely until such time as the violation is corrected or stopped. Such action shall not be taken by the Board until the Unit is given an opportunity for a hearing regarding the violation.

2.7 Member's Contribution to Association Working Capital. Each new Unit Owner (including resales) shall pay to the Association upon acquisition of title to its Unit, a capital contribution to the Association in an amount equal to two months' worth of the then current Common Expense assessment attributable to each Unit. A working capital contribution is a non-refundable, non-transferable fee required to be paid by all purchasers for the purpose of providing the Association with a working capital fund to be utilized to meet unanticipated expenses of the Association. This money shall not be used for normal operating expenses. In the event these monies are used to meet unanticipated expenses of the Association, the monies will be replenished via a special assessment.

2.8 Votes. Each Member in good standing shall be entitled to such vote for each Unit to which he holds title as is provided in the Master Deed. When more than one person holds title, the vote for each Unit shall be exercised as the co-Owners decide among themselves. When one or more co-Owners signs a proxy or purports to vote for his or her co-Owner, such vote shall be counted unless one or more of the other co-Owners is present and objects to such vote or submits a separate proxy or an objection in writing delivered to the Secretary of the Association before the vote is taken. If the Owners cannot agree on the nature of the vote appurtenant to their Unit, such vote cannot be counted for the given election.

### **ARTICLE III**

#### **BOARD OF TRUSTEES**

3.1 Qualifications. The following are criteria for the nomination, appointment or election to a Trusteeship:

A. Membership in Good Standing. This shall be a qualification for any nominee or appointee to a Trusteeship and for continued service on the Board.

B. Representation. Partnerships, corporations, fiduciaries or co-Owners holding memberships in good standing may designate individuals to be eligible for nomination, appointment or election as Trustees according to the following guidelines:

1. Partnership designees shall be members, employees or agents of the partnership;
2. Corporate designees shall be officers, stockholders, employees or agents of the corporation;
3. Fiduciary designees shall be fiduciaries officers or employees of the fiduciary; and
4. Co-Owners must designate any one of them who is a Member in good standing to be eligible for nomination, appointment or election.

C. **Disqualification of Trustees.** Any Trustee whose membership is not in good standing for 30 consecutive days shall automatically be disqualified as a Trustee upon expiration of said 30 day period and a replacement shall be appointed by the Board within 30 days thereafter to serve for the remainder of the term as explained herein.

3.2 **Number.** Initially, the Board is to be comprised of three individuals appointed by the Developer, none of which need be a Unit Owner. As Units within the Condominium are conveyed by the Developer, the number of Board Trustees will be expanded from three to five and Unit Owners will be elected to the Board in addition to the three Developer-appointed Board Trustees. Finally, the Board will contract back to three Trustees upon conveyance of the last Unit by the Developer.

3.3 **Transition Elections.** The "turnover of control" of the Board by Developer to Unit Owners, other than Developer, is required by New Jersey law, and is based upon the total number of Units contemplated by Developer for incorporation within the Condominium as same is presently proposed for full development (i.e., 18 Units). The "turnover of control" of the Board will occur as follows:

(a) within 60 days after the Sponsor has conveyed title to 25% of the Units proposed for the Condominium (i.e., 5 of the presently proposed 18 Units), the Unit Owners other than the Sponsor will elect one Trustee who shall replace one of the initial three Trustees on the Board appointed by the Sponsor, and the total number of Trustees on the Board will remain at three.

(b) within 60 days after the Sponsor has conveyed title to 50% of the Units proposed for the Condominium (i.e., 9 of the presently proposed 18 Units), the Unit Owners other than the

Sponsor will elect a second Trustee and the Sponsor will appoint a third Trustee, and the Board will then consist of five Trustees.

(c) within 60 days after the Sponsor has conveyed title to 75% of the Units proposed for the Condominium (i.e., 14 of the presently proposed 18 Units), or five years from the date of the recording of the Master Deed, whichever occurs first, two of the Sponsor appointed Trustees on the Board will resign and the number of Trustees on the Board will be reduced three (with the Unit Owners other than the Sponsor having elected two of the three Trustees). Sponsor will have the right to retain one Trustee on the three member Board until Sponsor has conveyed title to the last Unit within the Condominium in the normal course of business or such earlier time as the Sponsor may determine.

In the event that the Developer elects to develop fewer Units, transfer of control of the Association will occur based upon the forgoing percentages relative to the total number of Units that are constructed in the Condominium.

All Unit Owners who are Members in Good Standing shall be eligible to be nominated, elected, or to serve on the Board, except that in the case of any Unit Owner which is a partnership, corporation or limited liability company, including Developer, a designee shall be eligible if the Unit Owner is a Member in Good Standing.

Notice of all special meetings called pursuant to this section, for the purpose of holding Transition Elections, shall be given not less than 20 nor more than 30 days prior to the date of the meeting.

3.4 Term of Office. All Developer-appointed Trustees shall serve until their successors have been appointed by Developer or elected by the Unit Owners other than Developer, in accordance with Section 3.3 of these By-laws. Until the time that the Unit Owners other than Developer, are entitled to elect the entire Board, all Unit Owner elected Trustees will serve for terms ending upon the earlier of (i) two years from the date of their commencement; or (ii) the first annual meeting occurring after the Unit Owners, other than Developer, are elected to elect the entire Board. At the first annual meeting after the Unit Owners are entitled to elect the entire Board, an election for all Trustees will be held and the candidate receiving the highest number of votes will serve for three years, the two other candidates will each serve for two years.

All future terms will be for two years, it being the intent that no more than two Trustee terms will expire in any given year.

3.5 Removal of Trustees. Sponsor-designated Trustees may be removed and replaced by the Sponsor at any time. The provisions set forth below specifically relate to Member-elected Trustees, not Sponsor appointees.

Any one or more Member-elected Trustees may be removed with or without cause by a two-thirds vote of the Members, other than Sponsor, present at a duly called and held regular or special meeting of Members and a successor or successors, as the case may be, shall then and there be elected by majority vote of the Members, other than Sponsor, present to fill the vacancy thus created. Any Trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting and shall be afforded the right to have the vote on his removal adjourned to a new date not less than seven, nor more than 10 days from the date of the meeting at which the removal is proposed.

3.6 Vacancies. Vacancies on the Board of Trustees caused by any reason other than the removal of a Trustee by a vote of the Owner-Members shall be filled in the following manners:

A. If a Sponsor-designee is to be replaced, the Sponsor shall designate the replacement; and

B. If a Member-elected Trustee is to be replaced, the vacancy shall be filled by a vote of the majority of the remaining Trustees, including the Sponsor's appointees, at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy.

Each person so elected shall serve until the end of the term of the Trustee whom he replaces. Vacancies occurring in Member-elected Trustee positions shall be filled only by Owner/Members other than the Sponsor. Despite the above, until the first transition election, the Sponsor shall have the right to fill all vacancies on the Board by appointment.

#### ARTICLE IV

##### MEETINGS OF THE MEMBERS

4.1 Place of Meetings. Meetings of the Association Members shall be held at the Condominium or such other suitable place convenient to the Owners as may be designated by the Board of Trustees.

4.2 Annual Meetings. All annual meetings of the Unit Owners of the Association shall be held on the month and day of the year to be established by the Board, but the first such annual meeting shall be held not more than 60 days after the initial conveyance of 25% of the Units planned for the Condominium.

At each annual meeting following the final transition elections held in accordance with Section 3.3 hereof, the election of Trustees shall take place. If the election of Trustees is not held at such annual meeting or any adjournment of such meeting, the Board shall call for the election to be held at a special meeting as soon as possible thereafter. At such special meeting, the members in good standing shall elect the Trustees and conduct other business as though at the annual meeting. All proxies validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting and new proxies may be received for any such subsequent meeting.

4.3 Special Meetings. Special meetings of Unit Owners may be called by the President of the Association whenever he determines such a meeting is advisable, or it may be called by the Secretary upon the direction of the Board, or it may be called upon the written request of Members in good standing representing not less than 25% of all the votes entitled to be cast at such meeting. Such request shall state the purpose(s) of such meeting and the matters proposed to be acted upon.

No special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of Unit Owners held during the preceding 12 months unless Members in good standing holding at least 50% of the votes entitled to be cast request such a meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds of the votes entitled to be cast in person or by proxy.

4.4 Notice of Meetings. Notice of meetings for transition elections shall be as set forth in Section 3.3 herein.

Notice for annual or special meetings of Members (other than transition election meetings) shall be in writing and mailed or delivered personally to all Members of record entitled to vote not less than 10 days, nor more than 30 days prior to the date on which the meeting is to be held. The notices shall be delivered to Members at their last known addresses and shall state the time, place and purpose(s) of the meeting. Notice of any adjourned meeting



shall not be required to be given if the time and place of the adjournment is announced at the meeting which was adjourned and if no business other than that originally scheduled is to be conducted. If no new time and place is set at the meeting which is adjourned, then the original requirements of notice set forth above must be met.

If a Member attends a meeting although for any reason he has not received proper notice and he does not protest the lack of such notice, his attendance at such meeting without protest shall constitute a waiver of the notice requirement.

4.5 Majority, Quorum and Adjourned Meetings. The Members entitled to cast 25% of the votes, including absentee ballots, at a meeting shall constitute a quorum at the meeting. The Members present in person, or by absentee ballot or by proxy at a duly organized meeting may continue to do business by a majority vote of those Members constituting a quorum, until adjournment, despite the withdrawal of enough Members to leave less than a quorum. Less than a quorum may adjourn a meeting.

If any meeting of Owners cannot be conducted because a quorum has not attended, a majority of the votes present may adjourn the meeting to a time not less than 72 hours from the time of the original meeting and from such time to time until a quorum shall be present or represented. At any such adjourned meeting at which a quorum is assembled, any business may be transacted which might have been transacted at the meeting originally called.

4.6 Conduct of Meetings. At all membership meetings, the President, or in his absence, the Vice-President, or in the absence of both of them, a person chosen by a majority vote of the Members in good standing present shall act as chairperson, and the Secretary, or in his absence, a person appointed by the chairperson, shall act as Secretary of the meeting and perform the functions of those officers as detailed herein.

4.7 Voting on Questions. Only Members determined to be in good standing at least three days prior to any meeting at which a vote is to occur shall be entitled to vote on questions. As the term is defined in Section 4.5, a majority of votes cast shall be sufficient on questions submitted to a vote of the membership. The vote on any question at a meeting need not be taken by ballot unless (i) the chairperson of the meeting determines a ballot to be advisable, or (ii) a majority in interest of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot.

The following questions must be decided by a vote of the Members at a special meeting called to decide each specific issue respectively, after written notice of the question has been forwarded to each Member:

- A. The elimination or substantial limitation in use of any completed recreational facility.
- B. The Board of Trustees borrowing of sums exceeding three months' maintenance fees in any fiscal year.
- C. The commencement of any litigation by the Board of Trustees (excepting suits against Unit Owners or their tenants for the collection of assessments or suits against Unit Owners or their tenants to enforce the rulings of the Judiciary Committee or the Board).

The questions enumerated in A through C above may be decided only at special meetings called to decide the specific issues. In the notice of any such special meeting, the Secretary of the Board shall provide the Members with a complete explanation of the proposed action, the reasons therefor, the anticipated costs thereof and any other relevant information. This Section 4.7 may not be amended.

4.8 Voting in Elections of Trustees. Only Members determined to be in good standing at least 30 days prior to any meeting at which an election is to occur shall be entitled to vote in elections of Trustees. The election of Trustees shall be conducted by written ballot. Persons receiving the highest number of votes shall be elected to open Trustee positions on the Board. Proxies shall not be utilized in election of Trustees; however, absentee ballots may be so utilized.

4.9 Voting by Mail. The Board, in lieu of calling a membership meeting, may submit any question or election other than a transition election, to a vote of the membership by a ballot by mail. Only Members in good standing may vote by mail. Mailed ballots must bear the valid signature of the Member submitting same, which signature shall be verified by the election examiners who shall also tabulate all the votes and report the total to the Secretary for inclusion in the minute book.

To conduct a vote by mail for a question submitted to the membership, the Board shall serve a notice upon all Members which shall:

- A. State specifically in a motion or motions the questions upon which the vote is to be taken;
- B. State the date by which ballots must be returned and the person and address to which they are to be sent;
- C. Provide an official ballot for the vote;
- D. State the date upon which the action contemplated by the motion shall be effective which date shall be not less than 10 days after the date ballots must be received.

To conduct a vote by mail for an election of Trustees, the Board shall serve a notice on all Members which shall:

- A. Provide an official ballot;
- B. State the date by which ballots must be returned and the person and address to which they are to be sent.

4.10 Proxies. To vote by proxy means that the Member entitled to vote appoints another Member to participate in a meeting and vote in his place instead. (The instrument granting the authority described herein is also called a proxy.) Proxies to be used by Members for voting on Association matters must be in writing, in a form prescribed by the Board, signed by the Member and delivered to the Secretary or other person appointed by the President prior to the opening of the polls at the meeting at which ballots are to be cast. A proxy shall be valid for a period of no more than 11 months from its date. A proxy may be revoked at any time prior to the opening of the polls at a given meeting.

4.11 Examiners. If a ballot is used for voting at any membership meeting, the chairperson of the meeting shall appoint two examiners, each of whom shall take an oath to act faithfully and with strict impartiality to the best of his ability. The examiners shall:

- A. Ascertain the qualifications of all voters;
- B. Report the number of votes represented at the meeting and entitled to be cast;
- C. Conduct and accept the votes;
- D. Count and report to the Secretary the number of votes for and against each question or candidate. In addition to an oral report, the examiners shall make and subscribe to a written report of the vote.

Examiners need not be Members of the Association. However, any officer or Trustee may be an examiner on any question other than a vote on his election or any question in which he may have a direct interest.

4.12 Order of Business. The order of business at the annual meeting of Members and at any special meetings, insofar as reasonable and practical, shall be:

- A. Calling the roll, certifying of proxies and absentee ballots and establishment of a quorum.
- B. Proof of notice of meeting and waiver of notice.
- C. Reading and disposal of any unapproved minutes.
- D. Nominations for Trustees, if appropriate.
- E. Appointment of election examiners, if appropriate.
- F. Election of Trustees, if appropriate.
- G. Reports of officers.
- H. Reports of committees.
- I. Old business.
- J. New business.
- K. Adjournment.

## ARTICLE V

### TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES

5.1 Provisions on Behalf of the Sponsor. After control of the Board of Trustees has passed to Trustees elected by Members of the Association, and as long as the Sponsor holds at least one Unit for sale in the normal course of business, the following shall be in force and shall not be amended:

- A. Neither the Association, nor its Board of Trustees shall take any action that would be detrimental to the sale of Units by the Sponsor as determined in Sponsor's sole discretion or that would result in the assessment of the Sponsor for emergency assessments or special assessments except to the extent that Sponsor will derive a benefit therefrom.

B. The Association and its Board of Trustees shall continue the same level of maintenance, operation and services as provided immediately prior to the assumption of control of the Association and the Board by Owner-Members other than the Sponsor.

5.2 Meetings of the Board; Notices; Waiver of Notice.

A. ORGANIZATIONAL MEETING

The first annual meeting of the Board of Trustees shall be held within 10 days after the first annual meeting of the Association Members, at such time and place as shall be decided by a majority of the Board. Thereafter, regular meetings of the Board shall be held at such times and places as shall be determined from time to time by a majority of the Trustees, but at least two meetings shall be held during each fiscal year.

B. OPEN MEETINGS OF THE BOARD OF TRUSTEES

(1) OPEN MEETINGS

All meetings of the Board of Trustees, except conference or working sessions at which no binding votes are to be taken, shall be open to attendance by all Unit Owners and tenants. All Unit Owners and tenants in attendance shall be permitted to participate at the Board meeting, only upon the opening of the meeting to the public.

(2) RESTRICTIONS TO OPEN MEETINGS

Despite (1) above, the Board of Trustees may exclude Unit Owners or restrict attendance at Board meetings or portions of Board meetings dealing with one or more of the following matters:

- (a) Any matter which if disclosed would constitute an unwarranted invasion of individual privacy;
- (b) Any pending or anticipated litigation or contract negotiations;
- (c) Any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his/her ethical duties as a lawyer; or

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

(3) MINUTES OPEN MEETINGS

- (a) At each meeting required to be open to all Unit Owners and tenants, minutes of the proceedings shall be taken, and copies of those minutes shall be made available to all Unit Owners and tenants before the next open meeting. To receive a copy of the minutes, a Unit Owner must make a written request for same to the managing agent and must enclose a self-addressed stamped-envelope.
- (b) The Board of Trustees shall cause there to be kept reasonably comprehensible minutes of all its meetings showing the time and place, the Board Members present, the subjects considered, the actions taken, the vote of each Board Member, and any other information required to be shown in the minutes by the By-Laws.

C. NOTICE REQUIREMENTS FOR OPEN MEETINGS

(1) NOTICE

Adequate notice of any open meeting shall be given to all Unit Owners and tenants (to the extent names and addresses of tenants have been provided to the Board of Trustees).

(2) ADEQUATE NOTICE

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

- (a) Prominently posted in at least one place within the Condominium property that is accessible at all times to all

Unit Owners, provided there is a location reserved for such or similar announcements;

- (b) Mailed, telephoned, telegraphed, or hand delivered to at least two newspapers that have been designated by the Board of Trustees to receive such notices because they have the greatest likelihood of informing the greatest number of Unit Owners. However, this is not to be construed as a requirement to publish such notice. Mailing of the notices to the newspapers shall be sufficient.
- (c) Filed with the Association Secretary, administrative officer, or professional manager responsible for administering the Association business office.

(3) ANNUAL POSTING OF OPEN MEETINGS

At least once each year within seven days following the annual meeting of the Association, and to the extent that a schedule is set in advance, the Board of Trustees shall post and maintain posted throughout the year, notice of meetings in those locations set forth above (in Section C(2)(a)), mail to the newspapers to which notices are sent as set forth above (Section C(2)(b)) and file with the Association secretary, administrative officer or professional manager responsible for administering the Association business as set forth above (Section C(2)(c)).

(4) EMERGENCY MEETINGS

In the event that a Board of Trustees meeting is required to deal with such matters of urgency and importance that delay, for the purpose of providing 48 hours advance notice would result in substantial harm to the interests of the Association, the notice shall be deemed adequate if it is provided as soon as possible following the calling of the meeting.

5.3 Quorum and Adjourned Meetings. At all meetings of the Board, a majority of the Trustees shall constitute a quorum for the transaction of business and the votes of the majority of the Trustees present and voting at a meeting at which a quorum is present shall constitute a valid

decision. If, at any meeting of the Board, there be less than a quorum present, the majority of those present shall adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the meeting originally called may be transacted without further notice.

5.4 Non-waiver. The failure of the Board to effect any right or remedy established by these By-Laws shall not preclude the Board from doing so at some future point in time.

5.5 Consent in Lieu of Meeting and Vote. Despite the prescriptions for action by the Board set forth herein or in the Certificate of Incorporation or the Master Deed, the entire Board of Trustees shall have the powers to act on any matter on which it is authorized to act without a formal meeting and vote if the entire Board of all the Trustees empowered to act at a given time shall consent in writing to an action.

## ARTICLE VI

### POWERS AND DUTIES OF THE BOARD OF TRUSTEES

6.1 General Powers and Privileges. The Board of Trustees shall have the powers and privileges necessary for the administration of the affairs, business and property of the Association. The Board may do all those acts and things which are granted to it in the Certificate of Incorporation, the Master Deed, these By-Laws and the law.

More particularly, the Board shall have the following powers, including, but not limited to the power to:

- A. Employ a professional management agent or manager by contract to perform such duties, services and responsibilities of the Board for the Association as the Board shall authorize at a compensation established or agreed upon by the Board. Any such contract shall be for a period of no more than two years and shall permit the Association to terminate the contract upon 60 days written notice, with or without cause, and without penalty to the Association; and
- B. Fix, assess and collect assessments from the Owners;
- C. Designate and dismiss the personnel necessary for the maintenance and operation of the Condominium, the Common Elements and facilities, in accordance with the Master Deed; and



- D. Seek/obtain advice from and employ persons, firms or corporations such as, but not limited to, landscapers, architects, engineers, lawyers and accountants; and
- E. Adopt, amend as necessary and publish rules and regulations covering the details of the operation and use of the Common Elements and/or Units therein for the Owners, occupants and users of the Condominium properties and facilities; and
- F. Secure full performance by Unit Owners or occupants of all items of maintenance for which they are responsible; and
- G. Enforce other obligations of Unit Owners, including the terms, conditions and restrictions contained in the Master Deed, these By-Laws and the Rules and Regulations promulgated; and
- H. Borrow and repay monies, give notes, mortgages or other security upon such term or terms as it deems necessary; and
- I. Invest and reinvest monies, pay taxes, make and enter into contracts and leases; and
- J. Transfer, grant and obtain easements, licenses and other property rights with respect to the Common Elements in a manner consistent with the rights of Unit Owners; and
- K. Purchase, lease or otherwise acquire in the name of the Association on behalf of all Unit Owners in the Condominium, Units offered for sale or lease or surrendered by their Owners to the Board, provided that same shall not be construed as a right of first refusal; and
- L. Purchase Units within the Condominium at foreclosure or other judicial sales in the name of the Association on behalf of all Unit Owners; and
- M. Sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Units acquired by the Association on behalf of all Unit Owners; and
- N. Bring and defend actions by or against one or more Unit Owners which are pertinent to the operation of the Condominium, the health, safety and general welfare of the Unit Owners or any other legal action to which the Unit Owners may consent in accordance with these By-Laws; and

O. Be responsible for the disposition of all insurance proceeds unless the Board chooses to appoint an insurance director who shall not be a member of the Association, an employee of the Sponsor or the manager; and

P. Create, appoint Members to and disband committees as shall, from time to time, be deemed appropriate or necessary to assist the Board in the discharge of its duties, functions and powers; and

Q. Establish a Judiciary Committee which shall be a standing committee as hereinafter provided herein.

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

A. To cause the Common Elements to be maintained according to accepted standards and as set forth in the Master Deed, including, but not limited to such maintenance, painting, replacement and repair work as may be necessary, lawn and landscaping maintenance and snow removal as the Board may deem appropriate, as well as the maintenance of surveillance and security of the Condominium, and the maintenance of the stormwater management facilities and system in accordance with "Stormwater Operation and Maintenance Manual for Maple Avenue Townhomes, Town of Morristown, Morris County, New Jersey" prepared by Omland Engineering Associates, Inc. dated January 23, 2008, a copy of which is attached hereto as Schedule 1 and made a part hereof. All repairs and replacements shall be substantially similar to the original application and installation; and

B. To cause a complete record of all its acts and affairs to be kept and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing at least 21 days in advance by Members entitled to cast at least 25% of the total votes of the Association; and

C. To allocate common surplus or make repairs, additions, improvements to or restoration of the Common Elements in accordance with the provisions of these By-laws and the Master Deed after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and

D. To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed thereon

by federal, state, county or municipal authority having jurisdiction thereover, and any order of the Board of Fire Underwriters or other similar bodies; and

E. To manage the fiscal affairs of the Association as hereinafter provided; and

F. (a) Subject to the Master Deed or other instruments of creation, the Association may do all that it is legally entitled to do under the laws applicable to its form of organization.

(b) The Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the community.

(c) The Association shall provide a fair and efficient procedure for the resolution of disputes between individual Unit Owners and the Association, and between different Unit Owners, that shall be readily available as an alternative to litigation.

G. To place and keep in force all insurance coverages required to be maintained by the Association, applicable to its property and Members including but not limited to:

1. Property Insurance: To the extent available, in the normal commercial marketplace, broad form or blanket insurance against loss by fire, lightning, storm and other risks normally included within all-risk extended coverage, including vandalism and malicious mischief insuring all Common Elements, insuring the interest of the Association, the Board, the Sponsor and Unit Owners and any Mortgagee who has requested of the Association, in writing, to be named as a loss payee, as their respective interests may appear, in an amount equal to the full replacement value of the Common Elements (exclusive of foundations and footings and other items normally excluded from coverage), without deduction for depreciation. Each policy shall contain a standard Mortgagee clause in favor of each applicable Mortgagee which shall provide that the loss, if any, thereunder shall be payable to each applicable Mortgagee as its interests may appear, subject to the loss payment provisions of the Master Deed.

The amount of any deductible shall be determined by the Board in its sole discretion and the responsibility for payment of same shall be the Board's.

If available, an "Inflation Guard Endorsement" shall be obtained. Further, if the Uniform Construction Code of the State of New Jersey requires, or should require in the future, that changes be made to undamaged portions of a Building because of

damage to other portions of a Building as a condition of granting a permit for reconstruction, a "Construction Code Endorsement" shall be obtained and maintained.

2. Public Liability Insurance: To the extent obtainable in the normal commercial marketplace, public liability insurance for personal injury and death from accidents occurring within the Common Elements and the defense of any actions brought for injury or death of a person or damage to property occurring within such Common Elements and not arising from any act or negligence of any individual Unit Owner. Said insurance shall be in limits that the Board may, from time to time, determine covering each member of the Board, the managing agent or manager, and each Member and shall also cover crossliability claims of one insured against another.

Coverage shall be in amounts generally required for private institutional mortgage lenders for projects similar in construction, location and use. Until the first meeting of the Board following the first annual meeting, such public liability coverage shall be for a single limit of at least \$1,000,000.00. The Board shall review such limits once a year.

3. Trustees, and Officers' Liability Insurance and Fidelity Bonds: Insurance indemnifying those persons who serve and have served as Trustees and/or Officers of the Association (including Sponsor-designated or appointed Trustees) against liability for errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000.00, with any deductible to be in the sole discretion of the Board.

The Board shall maintain fidelity bond or employee dishonesty endorsement coverage for all Trustees, officers and employees of the Association and for all other persons handling or responsible for funds of, or administered by, the Association. Further, if the Association has delegated some or all of the responsibility for the handling of funds to a management agent, fidelity bonds or employee dishonesty endorsements shall cover the officers, employees and agents of said management agent with respect to funds administered for or on behalf of the Association. The fidelity bond coverage or the endorsements shall be based upon the best business judgment of the Trustees and shall not cover less than the estimated maximum amount of funds, including

reserve funds, in the custody of the Association or management agent, as the case may be, at any given time during the term of the bond. In no event shall the aggregate amount of the fidelity bonds or the endorsement coverage be less than a sum equal to three months, aggregate maintenance fees including that portion of the fees relating to reserve funds. However, for so long as Sponsor maintains a majority of representation on the Board, the fidelity bond or endorsements shall at a minimum be equal to the current annual budget of the Association plus accumulated reserves. The bonds or endorsements shall name the Association as obligee and shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. Premiums on fidelity bonds shall be paid by the Association, except that premiums for bonds maintained by a management agent shall be paid by that agent.

4. Workers' Compensation Insurance: Workers' compensation and New Jersey disability benefits insurance as required by law.

5. Vehicular Liability Insurance: To the extent obtainable in the normal commercial marketplace, vehicular liability insurance to cover all motor vehicles owned or operated by the Association.

6. Flood Insurance: Flood hazard insurance if any of the insurable Common Elements and Unit betterments existing at the time of the initial conveyance are located within a federally designated flood hazard area. The policy shall be in a form which meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administration.

7. Boiler Insurance: To the extent obtainable in the normal commercial marketplace, boiler explosion liability insurance, if applicable for the Association.

8. Other Insurance: Such other insurance as the Board may deem appropriate.

All policies shall:

A. Provide that adjustment of loss be made by the Board of Trustees and that the net proceeds thereof be payable to the Board;

B. Require that the proceeds of physical damage insurance be applied to the restoration of such Common Elements and structural portions and service machinery as is required by the Master Deed and these By-laws;

C. To the extent obtainable, contain agreed amount and inflation guard endorsements;

D. Provide that the insurance will not be prejudiced by any act or omission of individual Members not under the control of the Association;

E. To the extent obtainable, contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured;

F. Provide that such policies may not be cancelled without at least 30 days prior written notice to all of the named insured, including all Unit Owners and Mortgagees.

Any insurance maintained by the Board may provide for such deductible amount as the Board may determine.

Despite any other provisions of this subparagraph, the Association shall not be required to provide any type or amount of insurance not commonly available in the normal commercial marketplace.

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

## ARTICLE VII

### FISCAL MANAGEMENT

7.1 Association Budget. Prior to making an annual assessment, the Board of Trustees shall prepare and adopt an operating budget which shall provide for any and all expenses to be incurred during each fiscal year as well as adequate reserves for maintenance, repair and replacements of the Common Elements and facilities. The budget shall include, without limitation, such sums as the Board deems necessary to meet all Association expenses incident to the repair, maintenance (except for the maintenance of the Limited Common Elements that is required to be done by the individual Unit Owners as set forth in the Master Deed), improvement and replacement of the Common Elements of the Condominium, and all other expenses

reasonably incident to the operation, enjoyment and furtherance of the Condominium and its Association. The Common Expenses shall include premiums for all types of insurance required by the Master Deed and these By-Laws.

Following the establishment and promulgation of the budget for the next succeeding fiscal year, the Board shall determine an appropriate annual assessment for each Unit.

7.2 Common Expense Assessment. The Board shall have the duty to collect from each Unit Owner as annual common expense assessments the proportionate part of the annual Common Expenses assessed against such Unit Owner as provided in the Master Deed, the Certificate of Incorporation, these By-Laws and in accordance with applicable laws.

7.3 Determination of Annual Common Expenses. The amount of monies for annual Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, shall be in the sole discretion of the Board.

7.4 Disbursements. The Board shall take and hold the funds as collected and shall disburse same for the purposes in the manner set forth herein and as required by the Master Deed, the Certificate of Incorporation and applicable law.

7.5 Depositories. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for a manager to sign checks on behalf of the Association for payment of obligations of the Association, if the proper fidelity bond is furnished to the Association.

7.6 Types of Accounts. The receipts of the Association shall be Common Expense assessments and such other funds which the Association may earn. The expenditures of the Association shall be Common Expenses. Each shall be credited and charged respectively to the accounts under the following classifications as the Board shall deem appropriate:

A. Current expenses, which shall include expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not include expenditures chargeable to reserves. At the end of each year,

any unexpended amount remaining in this account shall be used to reduce the assessments for current expenses for the succeeding year.

B. Reserve for maintenance, repair and replacement which shall include funds for maintenance items that occur less frequently than annually and funds for repair or replacement of the Common Elements or those portions of the Common Elements for which repair or replacement is required because of damage, depreciation or obsolescence. The amounts in this account shall be allocated among each of the separate categories of maintenance and replacement items.

C. A fund for capital improvements, which shall include the funds to be used for capital expenditures or for acquisition of additional personal property that will be part of the Common Elements.

D. Operations, which shall include all funds from the use of the Common Elements or from any other sources. Only the additional direct expense required by any revenue producing operation will be charged to this account, and any surplus from any operation or otherwise shall be used to reduce the assessments for current expenses for the year during the one in which the surplus is realized, or at the discretion of the Board, in the year following the one in which the surplus is realized.

E. Working capital, consisting of those nonrefundable and nontransferable contributions assessed upon each Unit Owner upon acquisition of title (including re-sales). As previously indicated, this fund shall be derived from the mandatory one-time, non-refundable contributions imposed upon all Unit Owners when they close title (including re-sales). The contribution shall consist of a sum equal to two months' worth of the then current Common Expense assessment attributable to each Unit (the "Contribution") and shall be collected by the Sponsor (or in the event of a resale, by the purchaser or purchaser's attorney) at the time of each closing and remitted promptly to the Association after each closing for the purpose of providing the Association with a working capital fund to meet unanticipated expenses of the Association. This money shall not be used for normal operating expenses. In the event these monies are used to meet unanticipated expenses of the Association, the monies will be replenished via a special assessment. The Contribution shall not be deemed to be an advance payment of any regular



assessment. This mandatory one-time contribution to the working capital fund is in addition to such regular assessments.

The Board shall not be required to physically segregate the funds held in the above accounts but may, in its sole discretion, maintain the funds in one or more consolidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the Association's records.

7.7 Reserve Funds. As referred to in Article 7.6 above, the Board shall establish and maintain a maintenance, repair and replacement reserve fund. The fund shall be maintained in a separate, interest-bearing savings account or certificate of deposit and shall not be used for any purpose other than that which was contemplated at the time of assessment. No withdrawal from any reserve fund account shall be made without the affirmative vote of a majority of the Board of Trustees.

The first reserve fund shall be entitled the "Condominium Maintenance, Repair and Replacement Reserve Fund." Amounts in this reserve fund shall be expended only for the following items:

- A. Repairs to, and preservation of, the Common Elements of the Condominium;
- B. Maintenance of the Common Elements with respect to non-routine items such as replacing shrubbery, replacing roofs and replacing siding which are not normally covered by a maintenance contract.

This reserve fund shall be derived from any sources that the Trustees deem appropriate including, but not limited to, a specific portion of the annual assessment - proceeds of income-earning activities, and unexpended assessment fees previously received.

The Board of Trustees may maintain such other reserve funds as the Board deems appropriate and may supplement either reserve fund from time to time.

7.8 Notice; Automatic Budget Increase; Emergencies. The Board shall give written notice to each Unit Owner and Mortgagee of the amount estimated by the Board for Common Expenses for the management and operation of the Association for the next ensuing budget period, directed to the Unit Owner at his last known address by ordinary mail or by hand

delivery. Said notice shall be conclusively presumed to have been delivered five days after deposit in the United States mail.

Once the Unit Owners have taken over control of the Association, if an annual Common Expense assessment is not made as required for an ensuing year, an assessment shall be made automatically without Board action in the amount of the last prior year's assessment, increased by 10%, and any installments of such annual assessment shall be due upon each installment payment date until a new annual common expense assessment is made.

If the annual Common Expense assessment proves to be insufficient, the budget and assessment may be amended at any time by the Board provided that nothing herein shall serve to prohibit or prevent the Board from imposing an emergency assessment in the case of any immediate need emergency which cannot be met by funds earmarked for such contingency.

7.9 Enforcement of Maintenance Fee Payments and Penalties for Late Payment. The annual assessment shall be due in advance for the entire fiscal year on the date set and published by the Board. Any other assessments added during the course of a calendar year shall be due on the first day of the month next succeeding the establishment of the assessment, as set forth in the Master Deed. However, Unit Owners may pay the annual assessment and other assessments in equal monthly installments so that the sum total of the annual assessment and any others is paid in full by the end of each fiscal year. Said right to pay assessments for maintenance fees in monthly installments may be terminated by the Board of Trustees in the event that any monthly payment is not made during the calendar month in which it is due. Upon closing of title, each purchaser of a Unit, including resales, shall pay the Association in advance his or her first monthly assessment attributable to his or her Unit for the month in which closing takes place based upon the number of days left in the month at the time of closing. This payment is in addition to the working capital fee due upon closing of title to Units which is set forth in detail in Article II hereof.

In the event a Unit Owner's right to make installment payments of the annual assessment terminates due to the Unit Owner's failure to make the payment during the month which it is due, the Board of Trustees, may, by resolution, declare the entire annual assessment and any existing other assessments to be due and owing. The Board also, in its discretion, may permit the resumption of installment payments and may make arrangements with delinquent Owners for

restoring their accounts to a current status. The Board may, for good cause waive any portion of any late payment fees established by this Article 7.9 as set forth below.

All monthly assessment or maintenance fee payments are due in advance on the first day of each and every month. In the event that a monthly payment is made between the first and the tenth day of the month, there will be no interest payment due or owing. If the monthly payment is made between the eleventh day of the month and the last day of the month, there shall be due to the Association interest for all past due amounts equal to 15% per annum. The Board also has the authority to impose a reasonable late fee for each such occurrence in an amount not to exceed the maximum amount allowed by law.

When a Unit Owner remits payment of the maintenance fee following any month when payment was not received, such payment will be used first to set off any interest charges and penalties; thereafter, the balance will be used to pay off the past-due maintenance fees; thereafter, any balance will be applied to the current month's maintenance fee. If the remaining balance applied to the current month's maintenance fee is insufficient to pay the entire maintenance fee, then unless the full amount is received prior to the eleventh day of the month, there shall be due to the Association interest at the rate of 15% per annum.

Each additional failure to remit a maintenance fee in a timely fashion will be regarded separately from other maintenance fees which are/were due and owing, and interest charges will be assessed in accordance with that which is stated immediately above.

At the discretion of the Board, if a Unit Owner shall be in default more than 30 days in the payment of an installment of any type of an assessment, the Board may notify the delinquent Unit Owner that the remaining installments of the assessment will be accelerated if the delinquent installment has not been paid by a date stated in the notice, which date shall not be less than five days after personal delivery of the notice to the Unit Owner or less than 10 days after the mailing of such notice to him by registered or certified mail, as applicable.

If default continues following the time for payment prescribed in the notice, then the Board may accelerate the remaining installments of the assessment and notify the delinquent Unit Owner that a lien for the accelerated amount shall be filed on a date certain stated in the notice if the accelerated balance has not then been paid. The lien for such accelerated assessment as permitted by law shall then be filed if the delinquent assessment has not been

theretofore paid and the Board may also notify any holder of a Mortgagee encumbering the Unit affected by such default or publish the appropriate notice of such delinquency to the membership of the Association. If said default continues for a period of 90 days, then the Board shall foreclose the foregoing lien pursuant to law and/or commence an independent suit against the appropriate parties to collect the assessment.

7.10 Interest and Counsel Fees. In the event that the Board shall effectuate collection of said assessments or charges by resort to counsel and/or filing of a lien, the Board may add to the aforesaid assessments or charges the actual counsel fees charged to the Association for said collection, plus the reasonable costs for preparation, filing and discharge of the lien in addition to such other costs as may be allowed by law. All of these charges shall also act as a lien against the Unit in default.

7.11 Annual Audit. The Board shall arrange for an annual audit of the books and records of the Association by an independent certified public accountant who shall audit same and render a report in writing to the Board and in summary form to the Members and such Mortgagees and others who may be entitled to same.

Further, the Trustees shall provide, upon written request, any holder, insurer or guarantor of a first mortgage with a copy of an audited financial statement for the Association for the immediately preceding fiscal year. There shall be no charge for the providing of a copy of such report. The Trustees shall provide said audited report within a reasonable time following the making of such written request.

While the Sponsor maintains a majority of the Board, the Sponsor controlled Board shall have an annual audit of Association funds prepared by an independent accountant a copy of which shall be delivered to each Unit Owner within 90 days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

7.12 Availability of Constituent Documents and Examination of Books. The Board of Trustees shall make available to Members of the Association and Mortgagees, insurers or guarantors, current copies of the Master Deed, By-Laws and any other rules and regulations enacted by the Board concerning the project.

Further, the Board shall make available the books of account, records, and financial statements of the Association by appointment during normal business hours in the offices of the

Association or at such other suitable place as may be designated by the Board upon receipt by the Board of Trustees of reasonable notice (at least five business days) of the request to make such examination.

## ARTICLE VIII

### OFFICERS

8.1 Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Trustees. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers, but not a President or Vice-President, as in their judgment may be necessary. Such additional officers need not be Board members. One person may hold more than one office, except that of President and Vice-President.

8.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board which shall be its first meeting following the annual meeting of Members and such officers shall hold office at the pleasure of the Board. At any Board meeting, the Trustees may elect replacements for officers who leave the Board for reasons other than removal.

8.3 Removal of Officers. Upon an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, after opportunity for a hearing, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

8.4 Duties and Responsibilities of Officers.

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

B. Vice-President: The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Trustee to do

so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

C. Secretary: The Secretary shall keep the minutes of all meetings of the Board of Trustees and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Trustees may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

D. Treasurer: The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be authorized by the Board.

The Treasurer shall be, and hereby is, authorized to pay any and all routine bills of the Association up to \$500.00, and emergency items up to \$1,000.00 without prior Board approval. The Treasurer shall provide the Board with reports monthly with respect to all expenditures and receipts.

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

## ARTICLE IX

### COMPENSATION, INDEMNIFICATION AND EXCULPATION

9.1 Compensation. No compensation shall be paid to any Trustee, officer or committee member of the Association. However, Trustees, officers and committee members and other Association Members who may from time to time perform services for the Board and/or Association shall be reimbursed for out-of-pocket expenses incurred in the performance of services for or on behalf of the Board or the Association, provided such expenses have been authorized in advance by the Board.

9.2 Indemnification. The Association shall provide a defense of all claims brought against officers, Trustees (including Sponsor-designated Trustees) and duly-appointed committee members and will indemnify and hold harmless said persons with respect to any claims or suits brought against them by any party (including the Association and its Members) to the maximum

amount permitted by law (except for judgments based upon fraud, willful misconduct, breach of fiduciary duty or gross negligence).

The indemnification shall cover the actual amount of net loss including counsel fees reasonably incurred by or imposed upon any present or former officers, Trustees or committee members performing their proper duties for the Association assuming the absence of gross negligence or willful misconduct. If there is a settlement in such case, the indemnification shall extend only to such matters covered by the settlement as it involves the officer, Trustees or committee member, assuming the absence of gross negligence or willful misconduct.

9.3 Exculpation. Unless acting in bad faith, neither the Board as a body nor any Trustee, officer or committee member shall be personally liable to any Unit Owner in any respect for any action or lack of action arising out of the execution of his office. Each Unit Owner shall be bound by the good faith actions of the Board, officers and committee members in the execution of their duties. Nothing contained herein to the contrary shall serve to exculpate the members of the Board appointed by the Sponsor from their fiduciary responsibilities.

## ARTICLE X

### JUDICIARY COMMITTEE

10.1 Powers. The Board of Trustees may appoint from among the Members of the Association that are not Trustees or employees of the Board of Trustees three members to serve as a Judiciary Committee. Said Committee shall meet on an ad hoc basis and shall hear any complaints brought by any Owner or occupant or by the Board of Trustees against any other Owner or occupant in the following manner:

10.2 Procedures.

A. The person complaining shall file, in duplicate, a written statement setting forth the nature of the grievance.

B. The Judiciary Committee shall, within five days of its next scheduled meeting (but no later than a total of 45 days after receipt of the complaint), provide the person or persons complained of with a written or printed copy of the grievance by certified mail or delivery in person.

C. The subject(s) of the complaint shall prepare a written response and file two copies of said response with the Judiciary Committee within 10 days of receiving the complaint.

D. The Judiciary Committee shall review the writings within 30 days filed with the Committee and shall conduct such other inquiry as the Committee deems appropriate. The Committee shall make every effort to resolve the dispute between the parties amicably and/or without further process.

E. In the event that the matter cannot be resolved amicably, and in the event that the conduct alleged involves a purported violation of the Master Deed, the Association's Certificate of Incorporation, these By-Laws or any of the rules and regulations promulgated by the Board, the Judiciary Committee shall hold a formal hearing upon 10 days notice to all parties concerned.

At said hearing, the parties involved shall be permitted to make such statements as they desire and present such other testimony, writings and other exhibits as they may desire. The Committee shall conduct the hearing in a reasonably formal manner, but shall receive such documents, statements, and evidence as it desires without regard to the Rules of Evidence. The parties may be represented by counsel if they desire. The Committee shall make every effort to render a decision within 24 hours of the conclusion of the hearing. The Committee shall notify all parties of its determinations and recommendations in writing.

F. The costs associated with the above alternative dispute resolution process outlined in this Section 10.2 shall be a common expense. The Board, at a regular meeting or a special meeting called for that purpose, may follow said recommendations or alter them as the Trustees deem appropriate. The Trustees may create an additional special assessment against one or more of the parties concerning said costs and/or penalties, which assessment or assessments shall become liens against the Unit or Units of the Owners involved in the same manner as any other assessment.

## ARTICLE XI

### ENFORCEMENT

11.1 Methods and Procedures. The Board shall have the power, at its sole option, to enforce the terms of the governing documents of the Condominium including the Master Deed and its amendments, as well as the Certificate of Incorporation and its amendments and this instrument and its amendments, in addition to any rule or regulation adopted pursuant thereto, including rulings of the Judiciary Committee, by any or all of the following:



- A. Self-help only in the event of an emergency;
- B. Sending notice to the offending party to cause certain things to be performed, not performed or to stop the performance of certain acts or things;
- C. Making the Association whole and charging the offending party or parties with all or part of the cost therefor;
- D. Complaining to the appropriate governmental authorities;
- E. Taking any action including instituting suit in any court of competent jurisdiction. The costs of such litigation, including reasonable counsel fees, shall be borne by the parties in such manner as the trial Court deems equitable.

11.2 Waiver. The Board shall not be deemed to have waived its rights of enforcement as set forth by reason of its not having exercised such rights in any given circumstance or instance.

## ARTICLE XII

### AMENDMENTS TO BY-LAWS

12.1 Amendment by Board. These By-Laws may be amended by the Board of Trustees with regard to ministerial or administrative matters of the Association which do not impact Members materially. Such amendments may be made at any regular meeting duly held or at any special meeting called for the purpose. Three-fifths of the total number of Board Members must vote in favor of the amendment to ensure its passage.

The Board of Trustees shall not amend these By-Laws with respect to the provisions of the following articles without the consent in writing of two-thirds of the Mortgagees, which term is defined in the Master Deed: Article II, "Membership and Voting Rights"; Article III, Section 3, "Transition Elections"; Article IV, Section 2, "Annual Meeting", and Section 8, "Voting in Elections of Trustees"; Article VI, Section 1A, "Powers and Duties of the Board of Trustees" regarding the management agent and Article X, "Judiciary Committee."

12.2 Amendment by Members. Any one or more of the By-Laws may be amended or repealed and new By-Laws may be created at any meeting of the Association held for such purpose with the exception of the following Articles which may not be amended or repealed except as set forth in Section 12.1 hereof: Article II, "Membership and Voting Right"; Article III, Section 3, "Transition Elections"; Article IV, Section 2, "Annual Meeting", and Section 8,

“Voting in Elections of Trustees”; Article VI, Section 1A, “Powers and Duties of the Board of Trustees” regarding the management agent; and Article X, “Judiciary Committee.”

Prior to a meeting at which one or more of the By-Laws may be amended or repealed or new By-Laws created, written notice containing the exact language of the proposed amendment to the By-Laws shall have been sent to all Unit Owners. The amendment shall be approved if voted upon affirmatively by a majority of the votes entitled to be cast in person, by proxy or by mail. The following, however may not be done by amendment:

- A. The first annual meeting of Members may not be advanced;
- B. The first Board (including replacements occasioned by vacancies) may not be removed, contracted or enlarged;
- C. The Sponsor, its successors and/or assigns and its rights may not be affected by any amendment to the By-Law(s) and/or any new By-Law(s) unless it has given its prior written consent thereto.

#### **ARTICLE XIII**

##### **CONFLICT: INVALIDITY**

13.1 **Conflict**. If any provisions of these By-Laws is found to be in conflict with or in contradiction of the Master Deed, the Certificate of Incorporation or with the requirements of any applicable law, then the Master Deed, Certificate of Incorporation and/or law shall govern.

13.2 **Invalidity**. If any one or more provisions of these By-Laws shall be found to be invalid, it/they shall not affect the validity and enforceability of the remaining provisions hereof.

#### **ARTICLE XIV**

##### **STATUTORY COMPLIANCE**

These By-Laws are intended to comply with the requirements of N.J.S.A. 46:8B-1 et seq. as amended as well as with the requirements of Title 15A, “Corporations, Non-profit.”

#### **ARTICLE XV**

##### **CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words “Morristown Square Condominium Association, Inc.”

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 1**  
**MASTER DEED**

**EXHIBIT F**  
**CERTIFICATE OF INCORPORATION OF THE CONDOMINIUM ASSOCIATION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

CERTIFICATE OF INCORPORATION

FOR

MORRISTOWN SQUARE CONDOMINIUM ASSOCIATION, INC.

The undersigned, who is of full age, in order to form a corporation pursuant to the provisions of the New Jersey Nonprofit Corporation Act, Title 15a of the New Jersey Statutes Annotated, does hereby certify:

**ARTICLE I**

Name. The name of the corporation is "Morristown Square Condominium Association, Inc." hereinafter called the "Association."

**ARTICLE II**

Location. The principal office of the Association is located at c/o Pulte Homes of NJ, Limited Partnership, 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920.

**ARTICLE III**

Registered Agent. James P. Mullen, Esq., having an office at 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920, is hereby appointed the initial registered agent of this Association.

**ARTICLE IV**

Purpose and Powers of the Association. This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for the maintenance, preservation and control of the Common Elements within that certain tract of property described in the Exhibits of a certain Master Deed entitled Morristown Square, a Condominium recorded or intended to be recorded in the Office of the Clerk of Morris County, as same may be amended and supplemented as therein provided and to promote the health, safety and welfare of the residents within the above described property and for these purposes:

(a) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Master Deed and in the By-Laws of the Association, as they both may be amended and supplemented from time to time as therein provided, said Master Deed and By-Laws being incorporated herein, as if set forth at length;

(b) to fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of said Master Deed and By-Laws of the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) to borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) to have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of New Jersey by law may now or hereafter have or exercise.

#### ARTICLE V

Membership. Every person or entity who is a record owner of a fee interest in any Unit which is subject to the Master Deed and qualifies in accordance with the By-Laws shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of any such Unit shall be the sole qualification for membership. Upon termination of the interest of the Unit Owner, his membership shall automatically terminate and shall be transferred and shall inure to the new Unit Owner succeeding him in interest.

#### ARTICLE VI

Board of Trustees. The affairs of this Association shall be managed by a Board of Trustees. The initial Board of Trustees shall be composed of three persons who need not be members of the Association. The number of Trustees may be changed pursuant to the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Trustees until the selection of their successors are:

James P. Mullen  
Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920

Ann-Marie McVay  
Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920

Adam Schueftan  
Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920

The method of electing Trustees shall be set forth in the By-Laws of the Association.

#### ARTICLE VII

Distribution of Assets. Upon dissolution, the assets of the Association shall be distributed in accordance with each Unit's appurtenant proportionate interest in the Common Elements of the Condominium.

**ARTICLE VIII**

Duration. The Association shall exist perpetually.

**ARTICLE IX**

Amendments. Amendment of this Certificate shall require the assent of 75% percent of the members of the Association.

**ARTICLE X**

Incorporator. J. Scott Anderson, Esq., whose address is Giordano, Halleran & Ciesla, P.C., 125 Half Mile Road, Suite 300, Red Bank, New Jersey 07701, is hereby appointed the incorporator of this Association.

IN WITNESS WHEREOF, for the purpose of forming this nonprofit corporation under the laws of the State of New Jersey, the undersigned, the incorporator of this Association, has executed this Certificate of Incorporation this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
J. Scott Anderson, Esq.

**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE I  
MASTER DEED**

**EXHIBIT G  
DEED NOTICE**



**THIS PAGE INTENTIONALLY LEFT BLANK**

APPENDIX E - MODEL DEED NOTICE

The model document in this appendix contains blanks and matter in brackets [ ]. These blanks shall be replaced with the appropriate information prior to submission to the Department for approval. The model document in this appendix is not subject to the variance provisions of N.J.A.C. 7:26E-1.7.

Matter bracketed [ ] is not intended for deletion, but rather is intended to be descriptive of the variable information that may be contained in the final document.

IN ACCORDANCE WITH N.J.S.A. 58:10B-13, THIS DOCUMENT IS TO BE RECORDED IN THE SAME MANNER AS ARE DEEDS AND OTHER INTERESTS IN REAL PROPERTY.

Prepared by: \_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print name below signature]

Recorded by:

\_\_\_\_\_  
[Signature, Officer of County Recording Office]

\_\_\_\_\_  
[Print name below signature]

DEED NOTICE

This Deed Notice is made as of the \_\_\_\_ day of \_\_\_\_\_, by *[Insert the full legal name and address of each current property owner]* (together with his/her/its/their successors and assigns, collectively "Owner").

1. THE PROPERTY. *[Insert the full legal name and address of each current property owner]* *[Insert as appropriate: "is", or "are"* the owner in fee simple of certain real property designated as Block(s) \_\_\_\_ Lot(s) \_\_\_\_, on the tax map of the *[Insert, as appropriate: City/Borough/Township/Town]* of *[Insert the name of municipality]*, *[Insert the name of county]* County; the New Jersey Department of Environmental Protection Program Interest Number (Preferred ID) for the contaminated site which includes this property is *[Insert the Program Interest Number (Preferred ID)]*; and the property is more particularly described in Exhibit A, which is attached hereto and made a part hereof (the "Property").

2. DEPARTMENT'S ASSIGNED BUREAU. The *[insert name of Bureau]* was the New Jersey Department of Environmental Protection program that was responsible for the oversight of the remediation of the Property. The matter was Case No. *[insert Program Interest Number (Preferred ID)]*.

3. SOIL CONTAMINATION. *[Insert the full legal name of the person that was responsible for conducting the remediation]* has remediated contaminated soil at the Property, and the New Jersey Department of Environmental Protection approved a remedial action on *[Insert date of Department's approval]*, such that soil contamination remains in certain areas of the Property which contains contaminants in concentrations that do not allow for the unrestricted use of the Property; this soil contamination is described, including the type, concentration and specific location of such contaminants, in Exhibit B, which is attached hereto and made a part hereof. As a result, there is a statutory requirement for this Deed Notice *[include if appropriate: and engineering controls]* in accordance with N.J.S.A. 58:10B-13.

4. CONSIDERATION. In accordance with the New Jersey Department of Environmental Protection's approval of the remedial action work plan for the remediation of the site which included the Property, and in consideration of the terms and conditions of that approval, and other good and valuable consideration, Owner has agreed to subject the Property to certain statutory and regulatory requirements which impose restrictions upon the use of the Property, to restrict certain uses of the Property, and to provide notice to subsequent owners, lessees and operators of the restrictions and the monitoring, maintenance, and biennial certification requirements outlined in this Deed Notice and required by law, as set forth herein.

5A. RESTRICTED AREAS. Due to the presence of these contaminants, the Owner has agreed, as part of the remedial action for the Property, to restrict the use of certain parts of the Property (the "Restricted Areas"); a narrative description of these restrictions, along with the associated monitoring and maintenance activities and the biennial certification requirements are provided in Exhibit C, which is attached hereto and made a part hereof. The Owner has also agreed to maintain a list of these restrictions on site for inspection by governmental enforcement officials.

*[Insert the following paragraph when engineering controls are also implemented at the site:*

5B. ENGINEERING CONTROLS. Due to the presence and concentration of these contaminants, the Owner has also agreed, as part of the remedial action for the Property, to the placement of certain engineering controls on the Property; a narrative description of these engineering controls, along with the associated monitoring and maintenance activities and the biennial certification requirements are provided in Exhibit C.]

6A. ALTERATIONS, IMPROVEMENTS, AND DISTURBANCES.

i. Except as provided in Paragraph 6B, below, no person shall make, or allow to be made, any alteration, improvement, or disturbance in, to, or about the Property which disturbs any engineering control at the Property without first obtaining the express written consent of the Department of Environmental Protection. Nothing herein shall constitute a

waiver of the obligation of any person to comply with all applicable laws and regulations including, without limitation, the applicable rules of the Occupational Safety and Health Administration. To request the consent of the Department of Environmental Protection, contact:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413

ii. Notwithstanding subparagraph 6A.i., above, the Department of Environmental Protection's express written consent is not required for any alteration, improvement, or disturbance provided that the owner, lessee or operator:

(A) Notifies the Department of Environmental Protection of the activity by calling the DEP Hotline, at 1-877-WARN-DEP or 1-877-927-6337, within twenty-four (24) hours after the beginning of each alteration, improvement, or disturbance;

(B) Restores any disturbance of an engineering control to pre-disturbance conditions within sixty (60) calendar days after the initiation of the alteration, improvement or disturbance;

(C) Ensures that all applicable worker health and safety laws and regulations are followed during the alteration, improvement, or disturbance, and during the restoration;

(D) Ensures that exposure to contamination in excess of the applicable remediation standards does not occur;

(E) Submits a written report, describing the alteration, improvement, or disturbance, to the Department of Environmental Protection within sixty (60) calendar days after the end of each alteration, improvement, or disturbance. The owner, lessee or operator shall include in the report the nature of the alteration, improvement, or disturbance, the dates and duration of the alteration, improvement, or disturbance, the name of key individuals and their affiliations conducting the alteration, improvement, or disturbance, a description of the notice the Owner gave to those persons prior to the disturbance, the amounts of soil generated for disposal, if any, the final disposition and any precautions taken to prevent exposure. The owner, lessee, or operator shall submit the report to:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413

*[Insert the following paragraph when engineering controls are also implemented at the site:*

**6B. EMERGENCIES.** In the event of an emergency which presents, or may present, an unacceptable risk to the public health and safety, or to the environment, any person may temporarily breach any engineering control provided that that person complies with each of the following:

- i. Immediately notifies the Department of Environmental Protection of the emergency, by calling the DEP Hotline at 1-877-WARNDEP or 1-877-927-6337;
- ii. Limits both the actual disturbance and the time needed for the disturbance to the minimum reasonably necessary to adequately respond to the emergency;
- iii. Implements all measures necessary to limit actual or potential, present or future risk of exposure to humans or the environment to the contamination;
- iv. Notifies the Department of Environmental Protection when the emergency has ended by calling the DEP Hotline at 1-877-WARNDEP or 1-877-927-6337;
- v. Restores the engineering control to the pre-emergency conditions as soon as possible, and provides a written report to the Department of Environmental Protection of such emergency and restoration efforts within sixty (60) calendar days after completion of the restoration of the engineering control. The report must include all information pertinent to the emergency, potential discharges of contaminants, and restoration measures that were implemented, which, at a minimum, should specify: (a) the nature and likely cause of the emergency, (b) the potential discharges of or exposures to contaminants, if any, that may have occurred, (c) the measures that have been taken to mitigate the effects of the emergency on human health and the environment, (d) the measures completed or implemented to restore the engineering control, and (e) the changes to the engineering control or site operation and maintenance plan to prevent reoccurrence of such conditions in the future. The owner, lessee, or operator shall submit the report to:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413]

**7A. MONITORING AND MAINTENANCE OF DEED NOTICE, AND PROTECTIVENESS CERTIFICATION.** The persons in any way responsible, pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11a et seq., for the hazardous substances that remain at the Property, the persons responsible for conducting the remediation, the Owner, and the subsequent owners, lessees, and operators, shall monitor and maintain this Deed Notice, and certify to the Department on a biennial basis that the remedial action that includes this Deed Notice remains protective of the public health and safety and of the environment. The subsequent owners, lessees and operators have this obligation only during their ownership, tenancy, or operation. The specific obligations to monitor and maintain the deed notice shall include all of the following:

i. Monitoring and maintaining this Deed Notice according to the requirements in Exhibit C, to ensure that the remedial action that includes the Deed Notice continues to be protective of the public health and safety and of the environment;

ii. Conducting any additional remedial investigations and implement any additional remedial actions, that are necessary to correct, mitigate, or abate each problem related to the protectiveness of the remedial action for the site prior to the date that the certification is due to the Department pursuant to iii, below, in order to ensure that the remedial action that includes this Deed Notice remains protective of the public health and safety and of the environment.

iii. Certify to the Department of Environmental Protection as to the continued protectiveness of the remedial action that includes this Deed Notice, on a form provided by the Department and consistent with N.J.A.C. 7:26C-1.2 (a)1, every two years on the anniversary of the date stamped on the deed notice that indicates when the deed notice was recorded;

*[Insert the following paragraph if the soil remedial action included any engineering controls at the site:*

**7B. MONITORING AND MAINTENANCE OF ENGINEERING CONTROLS, AND PROTECTIVENESS CERTIFICATION.** The persons in any way responsible, pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11a et seq., for the hazardous substances that remain at the Property, the person responsible for conducting the remediation, and, the Owner, and the subsequent owners, lessees, and operators, shall maintain all engineering controls at the Property and certify to the Department on a

biennial basis that the remedial action of which each engineering control is a part remains protective of the public health and safety and of the environment. The subsequent owners, lessees and operators have this obligation only during their ownership, tenancy, or operation. The specific obligations to monitor and maintain the engineering controls shall include the following:

i. Monitoring and maintaining each engineering control according to the requirements in Exhibit C, to ensure that the remedial action that includes the engineering control continues to be protective of the public health and safety and of the environment;

ii. Conducting any additional remedial investigations and implement any additional remedial actions, that are necessary to correct, mitigate, or abate each problem related to the protectiveness of the remedial action for the Property prior to the date that the certification is due to the Department pursuant to iii, below, in order to ensure that the remedial action that includes the engineering control remains protective of the public health and safety and of the environment.

iii. Certify to the Department of Environmental Protection as to the continued protectiveness of the remedial action that includes the engineering control, on a form provided by the Department and consistent with N.J.A.C. 7:26C-1.2 (a)1, every two years on the anniversary of the date stamped on the deed notice that indicates when the deed notice was recorded.

8. ACCESS. The Owner and the subsequent owners, lessees and operators agree to allow the Department, its agents and representatives access to the Property to inspect and evaluate the continued protectiveness of the remedial action that includes this Deed Notice and to conduct additional remediation to ensure the protection of the public health and safety and of the environment if persons responsible for monitoring the protectiveness of the remedial action, as described in Paragraph 7, above, fail to conduct such remediation pursuant to this Deed Notice as required by law. The Owner, and the subsequent owners and lessees, shall also cause all leases, subleases, grants, and other written transfers of an interest in the Restricted Areas to contain a provision expressly requiring that all holders thereof provide such access to the Department.

#### 9. NOTICES.

i. The Owner and the subsequent owners and lessees, shall cause all leases, grants, and other written transfers of an interest in the Restricted Areas to contain a provision expressly requiring all holders thereof to take the Property subject to the restrictions contained herein and to comply with all, and not to violate any of the conditions of this Deed Notice. Nothing contained in this Paragraph shall be construed as limiting any obligation of any person to provide any notice required by any law, regulation, or order of any governmental authority.

ii. Owner and all subsequent owners and lessees shall notify any person intending to conduct invasive work or excavate within the Restricted Areas at the Property, including, without limitation, tenants, employees of tenants, and contractors of the nature and location of contamination in the Restricted Areas, and, of the precautions necessary to minimize potential human exposure to contaminants.

iii. The Owner and the subsequent owners shall provide written notice to the Department of Environmental Protection at least thirty (30) calendar days before the effective date of any conveyance, grant, gift, or other transfer, in whole or in part, of the owner's interest in the Restricted Area.

iv. The Owner and the subsequent owners shall provide written notice to the Department within thirty (30) calendar days following the owner's petition for or filing of any document initiating a rezoning of the Property. The Owner and the subsequent owners shall submit the written notice to:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413.

#### 10. ENFORCEMENT OF VIOLATIONS.

i. This Deed Notice itself is not intended to create any interest in real estate in favor of the Department of Environmental Protection, nor to create a lien against the Property, but merely is intended to provide notice of certain conditions and restrictions on the Property and to reflect the regulatory and statutory obligations imposed as a conditional remedial action for this site.

ii. The restrictions provided herein may be enforceable solely by the Department against any person who violates this Deed Notice. To enforce violations of this Deed Notice, the Department may initiate one or more enforcement actions pursuant to N.J.S.A. 58:10-23.11u and require additional remediation and assess damages pursuant to N.J.S.A. 58:10-23.11g.

11. SEVERABILITY. If any court of competent jurisdiction determines that any provision of this Deed Notice requires modification, such provision shall be deemed to have been modified automatically to conform to such requirements. If a court of competent jurisdiction determines that any provision of this Deed Notice is invalid or unenforceable and the provision is of such a nature that it cannot be modified, the provision shall be deemed deleted from this instrument as though the provision had never been included herein. In either case, the remaining provisions of this Deed Notice shall remain in full force and effect.

12. SUCCESSORS AND ASSIGNS. This Deed Notice shall be binding upon Owner and upon Owner's successors and assigns, and subsequent owners, lessees and operators while each is an owner, lessee, or operator of the Property.

#### 13. MODIFICATION AND TERMINATION.



i. Any person may request in writing, at any time, that the Department modify this Deed Notice where performance of subsequent remedial actions, a change of conditions at the Property, or the adoption of revised remediation standards suggest that modification of the Deed Notice would be appropriate.

ii. Any person may request in writing, at any time, that the Department terminate this Deed Notice because the conditions which triggered the need for this Deed Notice are no longer applicable.

iii. This Deed Notice may be revised or terminated only upon filing of an instrument, executed by the Department, in the office of the *[Insert as appropriate the County Clerk/Register of Deeds and Mortgages]* of *[Insert the name of the County]* County, New Jersey, expressly modifying or terminating this Deed Notice.

14A. EXHIBIT A. Exhibit A includes the following maps of the Property and the vicinity:

i. Exhibit A-1: Vicinity Map - A map that identifies by name the roads, and other important geographical features in the vicinity of the Property (for example, Hagstrom County Maps);

ii. Exhibit A-2: Metes and Bounds Description - A metes and bounds description of the Property, including reference to tax lot and block numbers for the Property;

iii. Exhibit A-3: Property Map - A scaled map of the Property, scaled at one inch to 200 feet or less, and if more than one map is submitted, the maps shall be presented as overlays, keyed to a base map; and the Property Map shall include diagrams of major surface topographical features such as buildings, roads, and parking lots.

14B. EXHIBIT B. Exhibit B includes the following descriptions of the Restricted Areas:

i. Exhibit B-1: Restricted Area Map - A separate map for each restricted area that includes:

(A) As-built diagrams of each engineering control, including caps, fences, slurry walls, ground water monitoring wells, and ground water pumping system;

(B) As-built diagrams of any buildings, roads, parking lots and other structures that function as engineering controls; and

(C) Designation of all soil and sediment sample locations within the restricted areas that exceed any soil or sediment standard that are keyed into one of the tables described in the following paragraph.

ii. Exhibit B-2: Restricted Area Data Table - A separate table for each restricted area that includes:

(A) Sample location designation from Restricted Area map (Exhibit B-1);

(B) Sample elevation based upon mean sea level;

(C) Name and chemical abstract service registry number of each contaminant with a concentration that exceeds the unrestricted use standard;

(D) The restricted and unrestricted use standards for each contaminant in the table; and

(E) The remaining concentration of each contaminant at each sample location at each elevation (or if historic fill, include data from the Department's default concentrations at N.J.A.C. 7:26E-4.6, Table 4-2).

14C. EXHIBIT C. Exhibit C includes narrative descriptions of the institutional controls [Insert as appropriate: and engineering controls] as follows:

i. Exhibit C-1: Deed Notice as Institutional Control: Exhibit C-1 includes a narrative description of the restriction and obligations of this Deed Notice that are in addition to those describe above, as follows:

(A) General Description of this Deed Notice:

(1) Description and estimated size of the Restricted Areas as described above;

(2) Description of the restrictions on the Property by operation of this Deed Notice; and

(3) The objective of the restrictions.

(B) Description of the monitoring necessary to determine whether:

(1) Any disturbances of the soil in the Restricted Areas did not result in the unacceptable exposure to the soil contamination;

(2) There have been any land use changes subsequent to the filing of this Deed Notice or the most recent biennial certification, whichever is more recent;

(3) The current land use on the Property is consistent with the restrictions in this Deed Notice;

(4) Any newly promulgated or modified requirements of applicable regulations or laws apply to the site; and

(5) Any new standards, regulations, or laws apply to the site that might necessitate additional sampling in order to evaluate the protectiveness of the remedial action which includes this Deed Notice, and conduct the necessary sampling.

(C) Description of the following items that will be included in the biennial certification:

(1) A monitoring report that describes the specific activities, pursuant to (A) and (B), above, conducted in support of the biennial certification of the protectiveness of the remedial action that includes this Deed Notice;

(2) Land use at the Property is consistent with the restrictions in this Deed Notice; and

(3) The remedial action that includes this Deed Notice continues to be protective of the public health and safety and of the environment.

*[Insert the following if engineering controls are part of the remedial action for the site:*

ii. Exhibit C-2: *[Insert the name of the first engineering control]*: Exhibit C-2 includes a narrative description of *[Insert the name of the first engineering control]* as follows:

(A) General Description of the engineering control:

(1) Description of the engineering control;

(2) The objective of the engineering control; and

(3) How the engineering control is intended to function.

(B) Description of the operation and maintenance necessary to ensure that:

(1) Periodic inspections of each engineering control are performed in order to determine its integrity, operability, and effectiveness;

(2) Each engineering control continues as designed and intended to protect the public health and safety and the environment;

(3) Each alteration, excavation or disturbance of any engineering control is timely and appropriately addressed to maintain the integrity of the engineering control;

(4) This engineering control is being inspected and maintained and its integrity remains so that the remedial action continues to be protective of the public health and safety and of the environment;

(5) A record of the self-inspection dates, name of the inspector, results of the inspection and condition(s) of this engineering control. Sampling, for example, may be necessary if it is not possible to visually evaluate the integrity/ performance of this engineering control; and

(6) Any new standards, regulations, or laws apply to the site that might necessitate additional sampling in order to evaluate the protectiveness of the remedial action which includes this Deed Notice, and conduct the necessary sampling.

(C) Description of the following items that will be included in the biennial certification:

(1) A monitoring report that describes the specific activities, pursuant to (A) and (B), above, conducted in support of the biennial certification of the protectiveness of the remedial action that includes this Deed Notice;

(2) The engineering controls continue to operate as designed; and

(3) The remedial action that includes the engineering control continues to be protective of the public health and safety and of the environment.

*Repeat the contents of Exhibit C-2, renumbering accordingly, for each separate engineering control that is part of the remedial action for the site.]*

15. SIGNATURES. IN WITNESS WHEREOF, Owner has executed this Deed Notice as of the date first written above.

[If Owner is an individual]

WITNESS:

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print name below signature]

[If Owner is a corporation]

ATTEST:

[Name of corporation]

By \_\_\_\_\_

\_\_\_\_\_  
[Print name and title]

\_\_\_\_\_  
[Signature]

[If Owner is a general or limited partnership]

WITNESS: [Name of partnership]

\_\_\_\_\_

[Signature]

By \_\_\_\_\_, General Partner  
[Print name]

[If Owner is an individual]

STATE OF [State where document is executed] SS.:  
COUNTY OF [County where document is executed]

I certify that on \_\_\_\_\_, 20, [Name of Owner] personally came before me, and this person acknowledged under oath, to my satisfaction, that this person [or if more than one person, each person]

- (a) is named in and personally signed this document; and
- (b) signed, sealed and delivered this document as his or her act and deed.

\_\_\_\_\_

\_\_\_\_\_, Notary Public  
[Print Name and Title]

[If Owner is a corporation]

STATE OF [State where document is executed] SS.:  
COUNTY OF [County where document is executed]

I certify that on \_\_\_\_\_, 20, [Name of person executing document on behalf of Owner] personally came before me, and this person acknowledged under oath, to my satisfaction, that

(a) this person is the [secretary/assistant secretary] of [Owner], the corporation named in this document;

(b) this person is the attesting witness to the signing of this document by the proper corporate officer who is the [president/vice president] of the corporation;

(c) this document was signed and delivered by the corporation as its voluntary act and was duly authorized;

(d) this person knows the proper seal of the corporation which was affixed to this document; and

(e) this person signed this proof to attest to the truth of these facts.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print name and title of attesting witness]

Signed and sworn before me on \_\_\_\_\_, 20\_\_

\_\_\_\_\_, Notary Public

\_\_\_\_\_  
[Print name and title]

[If Owner is a partnership]

STATE OF [State where document is executed] SS.:  
COUNTY OF [County where document is executed]

I certify that on \_\_\_\_\_, 20 , [Name of person executing document on behalf of Owner] personally came before me, and this person acknowledged under oath, to my satisfaction, that this person:

(a) is a general partner of [Owner], the partnership named in this document;

(b) signed, sealed and delivered this document as his or her act and deed in his capacity as a general partner of [owner]; and

(c) this document was signed and delivered by such partnership as its voluntary act, duly authorized.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_, General Partner [Print Name]

\_\_\_\_\_, Notary Public

\_\_\_\_\_  
[Print name and title]

Docs #985204-v1

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 2**  
**BUDGET AND ADEQUACY LETTERS**



**THIS PAGE INTENTIONALLY LEFT BLANK**

**Morristown Square Condominium Association, Inc.  
Forecasted Statement of Revenues and Expenses  
and Allocations to Funds for Its Initial Full Fiscal Year  
Based on 2012 Dollars and Full Occupancy**



**Morristown Square Condominium Association, Inc.**  
**Forecasted Statement of Revenues and Expenses and Allocations to Funds**  
**Table of Contents**

---

	<b>Page</b>
Independent Accountants' Report	1-2
Forecasted Statement of Revenues and Expenses and Allocations to Funds	3-4
Summary of Significant Forecast Assumptions and Accounting Policies	5-10
Exhibits	
Exhibit I - Schedule of Replacement Funding	I
Exhibit II - Schedule of Deferred Maintenance Funding	II

## **Independent Accountants' Report**

### **To Pulte Homes of NJ, Limited Partnership, the Sponsor of Morristown Square Condominium Association, Inc.**

We have examined the accompanying Forecasted Statement of Revenues and Expenses and Allocations to Funds of Morristown Square Condominium Association, Inc. (the "Association") for its initial full year based on full occupancy in 2012 dollars. The Sponsor is responsible for the forecast. Our responsibility is to express an opinion on the forecasted statement based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Sponsor and the preparation and presentation of the forecasted statement. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying Forecasted Statement of Revenues and Expenses and Allocations to Funds is presented in conformity with guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Sponsor's forecasted statement, and that the Forecasted Statement of Revenues and Expenses and Allocations to Funds including deferred maintenance funding and replacement funding is adequate based upon those assumptions. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying Forecasted Statement of Revenues and Expenses and Allocations to Funds was prepared by the Sponsor for inclusion in the Public Offering Statement and should not be used for any other purpose.

Our examination was conducted for the purpose of forming an opinion on the basic forecast. The supplementary information shown in Exhibits I and II is presented for informational purposes and is not a required part of the forecast. The information has been provided by the Sponsor. Such information has not been subjected to the procedures applied in the examination of the forecast and accordingly, we express no opinion on any other form of assurance on it.



WILKIN & GUTTENPLAN, P.C.  
Certified Public Accountants

East Brunswick, New Jersey

April 10, 2012

**Morristown Square Condominium Association, Inc.**  
**Forecasted Statement of Revenues and Expenses**  
**and Allocations to Funds for Its Initial Full Fiscal Year**  
**Based on 2012 Dollars and Full Occupancy**

---

<b>I. Revenues (Notes 1,2 and 3)</b>	
Maintenance assessments	\$ 76,864
<b>II. Operating Expenses</b>	
<b>(Notes 4 and 6)</b>	
<b>A. General and Administrative</b>	
1. Insurance	\$ 11,701
2. Management fees	4,320
3. Audit fee	2,500
4. Legal fees	1,000
5. General administrative	750
<b>Total General and Administrative Expenses</b>	<u>20,271</u>
<b>B. Grounds and Maintenance</b>	
1. Landscaping	10,800
2. Snow clearing	6,750
3. General maintenance	3,000
4. Environmental inspection	1,200
5. Irrigation repairs and maintenance	750
6. Street lighting	750
7. Fire hydrants	700
<b>Total Grounds and Maintenance Expenses</b>	<u>23,950</u>
<b>C. Utilities</b>	
1. Water	10,000
2. Irrigation system water	1,500
<b>Total Utilities Expenses</b>	<u>11,500</u>

See independent accountants' report and accompanying Summary of  
Significant Forecast Assumptions and Accounting Policies

**Morristown Square Condominium Association, Inc.**  
**Forecasted Statement of Revenues and Expenses**  
**and Allocations to Funds for Its Initial Full Fiscal Year**  
**Based on 2012 Dollars and Full Occupancy**

---

**III. Other Funding**  
**(Note 5)**

1. Replacement funding	14,362
2. Deferred maintenance funding	4,281
3. Contingency	<u>2,500</u>
<b>Total Other Funding</b>	<u>21,143</u>
<b>Total Operating Expenses and Other Funding</b>	<u><u>\$ 76,864</u></u>

See independent accountants' report and accompanying Summary of  
Significant Forecast Assumptions and Accounting Policies

**Morristown Square Condominium Association, Inc.**  
**Summary of Significant Forecast Assumptions and Accounting Policies**

---

**Note 1 Introduction**

Morristown Square Condominium Association, Inc. (the "Association"), is planned to be built in Morristown, New Jersey. The purposes of the Association are to provide for the preservation of the values in the community and for the maintenance of the common facilities. The Association is planned to consist of 18 townhouse units in four buildings.

The accompanying forecasted statement of revenues and expenses and allocations to funds presents, to the best of the Sponsor's knowledge and belief, the Association's expected revenues, expenses, deferred maintenance funding and replacement funding for its initial full year based on 2012 dollars and on full occupancy assuming the following conditions:

- No construction or material defects will exist after completion of the common areas and structures;
- The quantities and components of common areas and structures reflected on the schedule of deferred maintenance funding and replacement funding are accurate;
- Proper maintenance of the common areas and structures will take place in the future;
- The schedules of deferred maintenance funding and replacement funding will be reviewed on an annual basis and maintenance assessments will be updated for changes in projected lives and replacement costs.

The forecast is designed to present the revenues, expenses, deferred maintenance funding and replacement funding for the initial full year of operations based on 2012 dollars and at full occupancy. The forecasted statement of revenues and expenses and allocations to funds reflect those amounts expected to be incurred in the normal operations of common areas and elements. It does not include expenses which might be incurred by the individual unit owners.

The assumptions disclosed herein are those that the Sponsor believes are significant to the forecast. Further, even if full occupancy levels were attained and expenses remained at 2012 dollars, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, field changes may occur during construction. Thus, actual expenses may vary as a result of such changes.



**Morristown Square Condominium Association, Inc.**  
**Summary of Significant Forecast Assumptions and Accounting Policies**

---

**Note 2 Summary of Significant Accounting Policies**

**Basis of Accounting**

The forecast has been prepared using accounting principles generally accepted in the United States of America, which the Association expects to use when preparing its historical financial statements.

**Fund Accounting**

The Association's legal documents (i.e., Master Deed and By-laws) provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts of the Association will be maintained in accordance with the principles of fund accounting.

The assets, liabilities and fund balances of the Association will be reported in the following fund groups:

**Operating Fund**

This fund represents the portion of expendable funds that is available for the general operations of the Association.

**Deferred Maintenance Fund**

The purpose of this fund is to accumulate sufficient amounts which will allow the Association to have the necessary resources to perform powerwashing and other maintenance services which occur less frequently than annually.

**Replacement Fund**

The purpose of the replacement fund is to accumulate funds over the lives of capital assets which are part of the common elements and/or the Association's responsibility to replace so that sufficient amounts are available to pay for their eventual replacement.

**Income Taxes**

Under the Internal Revenue Code, associations may be taxed as a condominium management association at their election, or as a regular corporation. An association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and an association is free to select either method in future years.

Generally, associations are subject to tax on either their non-membership income or non-exempt function income. For most associations such income is primarily comprised of interest and/or dividend income. As no interest and/or dividend income is anticipated in the forecast, no provision for Federal income taxes is reflected. The Association is incorporated pursuant to Title 15A of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

**Morristown Square Condominium Association, Inc.**  
**Summary of Significant Forecast Assumptions and Accounting Policies**

---

**Note 3 Revenues**

**Maintenance assessments**

The Association will receive revenue from its members in the form of annual assessments, which will be collected on a monthly basis. The unit owners will be assessed \$4,270.22 per unit per year or \$355.85 per month. This is based upon full occupancy of 18 units.

The Association may collect, at the time of closing, capital contributions, membership fees and/or other fees, which will be used for working capital or other purposes. These amounts have not been reflected in the accompanying forecast.

**Note 4 Operating Expenses**

The Association will incur various expenses in connection with maintaining the common properties. Where not specifically stated, the estimates are based upon comparable properties. The expense categories are as follows:

**A. General and Administrative Expenses**

**1. Insurance**

The Association documents detail the coverage required by the Association. The estimates were based upon a quote from JGS Insurance. Because of the occurrence of natural disasters and volatility in the insurance market, costs could vary significantly from estimates provided herein. Therefore, this line item and the potential for future assessment increases should be evaluated accordingly.

**2. Management fees**

The operation of an Association requires various administrative and supervisory services. This category covers the cost of employing a management company to perform those duties. The cost is estimated based upon a proposed management agreement with Reliance Property Management Group.

**3. Audit fee**

This expense, based upon a proposal from Wilkin & Guttenplan, P.C., will cover the cost for an annual certified audit of the financial statements and preparation of the annual corporation income tax return.

**4. Legal fees**

The Association will require the services of an attorney for various purposes including collection matters, adopting resolutions, etc. This is the estimated cost of such services.

**Morristown Square Condominium Association, Inc.**  
**Summary of Significant Forecast Assumptions and Accounting Policies**

---

**Note 4 Operating Expenses (Continued)**

**A. General and Administrative Expenses (Continued)**

**5. General administrative**

This line item is an estimate for expenses not specifically identified or anticipated at this time.

**B. Grounds and Maintenance Expenses**

**1. Landscaping**

The Association is required to maintain the common grounds. This line item includes the cost of lawn care for the common areas. This amount is based upon a proposal from Landscape Maintenance Services, Inc.

**2. Snow clearing**

The Association will be responsible for clearing snow from the common roads, other common areas of the Association, and the driveways of the units. This estimate, provided by Landscape Maintenance Services, Inc., assumes an annual average of five snowfalls during the season.

Actual snow clearing costs are dependent upon weather conditions during the winter months. Should weather conditions be more severe than usual, or than provided for above, the cost of snow clearing could exceed the forecasted amount. The impact of such conditions, and the possibility for additional assessments or increases in maintenance fees should be considered accordingly.

**3. General maintenance**

This line item includes miscellaneous maintenance to common areas that might be necessary during the first year of the Association and has been based upon similar associations and the Sponsor's experience. Such maintenance could be higher in future years.

**4. Environmental inspection**

The Association is to obtain a biennial inspection and certification reports as required by the New Jersey Department of Environmental Protection. This line item represents this annual cost as provided by Melick-Tully and Associates, P.C.

**5. Irrigation repairs and maintenance**

This line item covers the cost of opening and closing the irrigation system and miscellaneous repairs and maintenance.

**6. Street lighting**

This line item is an estimate of the annual electricity costs associated with street lighting throughout the community.

**Morristown Square Condominium Association, Inc.**  
**Summary of Significant Forecast Assumptions and Accounting Policies**

---

**Note 4 Operating Expenses (Continued)**

**B. Grounds and Maintenance Expenses (Continued)**

**7. Fire hydrants**

This line item represents the cost to maintain the fire hydrants in the Association.

**C. Utilities Expenses**

**1. Water**

The Association is commonly metered for water including usage within the individual units. All water costs will therefore be an Association responsibility.

This line item does not include the cost of sewer charges, which will be billed to the individual unit owners.

Actual water costs will vary from the forecasted amounts due to differences in usage and consumption patterns, weather conditions, and changes in the utility rates, and those variations could be significant. The potential for assessment increases should be considered in connection with this forecast.

**2. Irrigation system water**

This line item represents the estimated cost of water for irrigation of common areas surrounding the unit buildings for an average season.

Actual water usage is dependent upon weather conditions during the summer and fall months. Therefore, above average heat and lack of rainfall could result in higher water usage and thus result in higher costs than forecasted. The impact of such conditions and the possibility for additional assessments or increases in maintenance fees should be considered accordingly.

**Morristown Square Condominium Association, Inc.**  
**Summary of Significant Forecast Assumptions and Accounting Policies**

---

**Note 5 Other Funding**

**1. Replacement funding**

The Association documents call for the establishment and accumulation of separate funds for the eventual replacement of certain common element components of the buildings. The annual funding requirement is based on a study prepared in 2012 by DW Smith Associates, LLC, an independent engineer, appearing in Exhibit I and should be read in connection with this forecast. These funds are usually set aside in separate cash and investment accounts and utilized for the repair and replacement of common elements. If additional funds are needed, the Association has the right to increase regular assessment, pass special assessments, or delay major repairs and replacement until funds are available, if possible.

**2. Deferred maintenance funding**

Maintenance requirements occurring less frequently than annually are included in the deferred maintenance fund. The annual funding requirement is based on a study prepared in 2012 by DW Smith Associates, LLC, an independent engineer, appearing in Exhibit II and should be read in connection with this forecast. If additional funds are needed, the Association has the right to increase regular assessment, pass special assessments, or delay major repairs and replacement funds are available, if possible.

**3. Contingency**

This line item is intended to cover needs not anticipated at this time, as well as any unexpected variations from estimated amounts in this forecast.

**Note 6 Municipal Services**

The Municipal Services Act, N.J.S.A. 40:67-23.2 et, seq., as amended by Chapter 6 of the Public Laws of 1993, requires municipalities to reimburse "qualified private communities" for the costs of certain municipal services not provided thereto or to provide those services. It is anticipated that the Township will only be providing trash removal services for the Association. In light of the uncertainties as of the date of this forecast as to how else the Municipal Services Act might benefit the Association, this forecast has taken the more cautious and conservative approach of assuming that the Association will receive no economic benefits under the Act.

3

0)

**EXHIBIT I**

3

**Maple Avenue Townhomes**  
Township of Morristown, Morris County, NJ

**Replacement Reserve Schedule for Full Buildout of 18 Units**

Effective January 01, 2012

Item	Year Installed	Useful Life	Estimated Quantity	Unit	Unit Cost	Replacement Value	Annual Reserve Contribution
<b>PAVEMENT AND CONCRETE</b>							
Pavement (milling and 1.5" overlay - roadways)	2012	25	1,581	SY	\$17.00	\$26,877	\$1,075
Pavement (milling and 1.5" overlay - driveways)	2012	25	778	SY	\$17.00	\$13,226	\$529
Pavement Sealcoating	2012	5	2,359	SY	\$1.50	\$3,539	\$708
Concrete Sidewalk, onsite	2012	30	1,700	SF	\$4.50	\$7,650	\$255
<b>FENCING AND ENTRY WALLS</b>							
Black Vinyl Chain Link Fence, 4 ft high	2012	20	854	LF	\$20.00	\$17,080	\$854
Privacy Fence, with lattice screen	2012	12	222	LF	\$40.00	\$8,880	\$740
Entry Wall (mortar repair for brick veneer)	2012	10	200	SF	\$10.00	\$2,000	\$200
Project Signs (mounted to entry wall)	2012	20	2	EA	\$1,600.00	\$3,600	\$160
<b>SIGNAGE</b>							
Traffic Signs, located within property	2012	20	8	EA	\$1,050.00	\$8,300	\$315
<b>MAILBOXES</b>							
"Gang" Mailboxes	2012	20	2	EA	\$800.00	\$1,600	\$80
<b>LIGHTING</b>							
Uplight Fixtures (courtyard)	2012	10	4	EA	\$150.00	\$600	\$60
Street Lighting - Lamp	2012	3	4	EA	\$85.00	\$340	\$113
Street Lighting - Pole and Fixture	2012	30	4	EA	\$3,500.00	\$14,000	\$487
<b>IRRIGATION</b>							
Sprinkler Heads, Appurtenances	2012	25	12,580	SF	\$0.25	\$3,145	\$128
<b>BUILDING EXTERIORS</b>							
Building Roofing	2012	20	417	SQ	\$200.00	\$83,400	\$4,170
Building Siding	2012	20	314	SQ	\$200.00	\$62,800	\$3,140
Building Gutters/Downspouts	2012	20	4,600	LF	\$6.00	\$27,600	\$1,380

TOTAL: \$282,037 \$14,382

Monthly Contribution: \$1,196.80  
Monthly Contribution per Unit (based on full buildout of 18 units): \$66.49

**Notes:**

The following items are not included within the Reserve and Deferred Maintenance Schedules:  
 Items with an estimated life span of less than 2 years or greater than 30 years  
 Water, 40 year life span  
 (SMCMA owns the water system up to the Master Water Meter. Past the Master Water Meter, the water system is a common element.)  
 Storm Sewer, 50 year life span  
 Sanitary Sewer, 50 year life span  
 Stop Signs, 2 total, located within Morristown R.O.W.  
 Landscaping - to be included as part of the Operating Expense.  
 Concrete Sidewalk, Curbing, Ramps and Aprons that are within the Morristown R.O.W.  
 Stop Signs, 2 total, located within Morristown R.O.W.  
 Pavement Markings and Line Striping - to be included as part of the Operating Expense.  
 Gutter Cleaning - to be included as part of the Operating Expense.  
 The concrete sidewalk item does not include landings, steps, or porches.

**EXHIBIT II**





December 1, 2011

Morristown Square Condominium Association, Inc.  
c/o Wilken Guttenplan  
1200 Tices Lane  
East Brunswick, NJ 08816

**JGS**  
Insurance

RE: Letter of Adequacy  
Morristown Square Condominium Association, Inc.  
4 Buildings with 18 Residential Units

960 Holmdel Road  
Holmdel, NJ 07733  
TEL (732) 834-9800  
FAX (732) 834-0233

Gentlemen:

In accordance with your request, we have reviewed and examined the Insurance Requirement for Morristown Square Condominium Association located in Morristown, NJ. Based on our analysis, we are pleased to recommend the following insurance coverage:

1. **PROPERTY (Single Entity)**– Coverage would be written on a blanket basis, covering the all Condominium buildings, including recreation buildings, if any, personal property owned by the Association. Coverage provided under the policy would be on a “special causes of loss perils” basis including Replacement Cost, and Agreed Amount. All property would be subject to a policy deductible of \$2,500 each occurrence.

Values of the buildings are based on the completed construction value of the current project. These values should reflect the current Replacement Cost of the buildings. An annual review of this value by the Association would ensure that adequate limits are maintained.


2. **COMMERCIAL GENERAL LIABILITY** – Liability insurance would be designed to provide comprehensive protection for all common areas, including any swimming pools, lakes, and all recreational facilities. The limit under this section would be \$1,000,000 each occurrence. The basic policy would be extended to include the broadening CGL endorsement which includes Personal Injury Liability, Broad Form Property Damage, Host Liquor Liability, Blanket Contractual Liability, Employees as Additional Insured, Incidental Medical Malpractice, Fire Legal Liability, Extended Bodily Injury, Non-Owned and Hired Automobile Liability, in addition to other coverages.
3. **DIRECTORS AND OFFICERS LIABILITY** – Coverage would be provided for all present and past members who serve on the Board of Trustees for the Association. The policy would have a limit of \$1,000,000 subject to a \$2,500 deductible.
4. **UMBRELLA LIABILITY** – This policy would provide excess limits of liability above the primary Comprehensive General Liability, Non-Owned and Hired Automobile Liability, and Directors and Officers Liability policies. A minimum of \$15,000,000 for each occurrence is recommended however, higher limits are suggested for consideration by the Association.

5. **WORKER'S COMPENSATION** – Coverage would be provided for injuries to employees during the course of employment. Benefits would be based upon the statutory requirements prescribed by the State of New Jersey. The policy would be issued on a minimum premium basis subject to an audit at expiration.
6. **COMPREHENSIVE AUTOMOBILE** – If the Association owns any vehicles, this policy would be provided for a combined single limit of \$1,000,000 and would also include the necessary comprehensive and collision coverage. Non-Owned and Hired Automobile Liability would also be included.
7. **COMPREHENSIVE CRIME INSURANCE** – This policy would provide coverage for the Association as a result of fraudulent and dishonest acts of its employees, loss of money and securities on and off premises, depositors forgery and counterfeit money and paper currency. The limit for Employee Dishonesty coverage would be \$50,000.
8. **UNIT OWNERS INSURANCE** – A Condominium Unit Owners Policy, commonly referred to as an HO-6 policy, should be purchased by the Unit Owner to cover property damage to their personal belongs, including furniture and fixtures, along with any upgrades purchased as options by the Unit Owner.

Implementation of the foregoing Coverage will, in our opinion, be adequate to meet the basic needs of the Association in insuring the exposure usual to Condominium/ Townhome Association and satisfies the requirements of any mortgage lenders or management contracts. Premium summary for the coverage is shown on the attached summary sheet.

Very truly yours

JACOBSON, GOLDFARB & SCOTT, INC



Vincent J. Hager, CIRMS  
President



**MORRISTOWN SQUARE CONDOMINIUM ASSOCIATION, INC.**

**INSURANCE PREMIUM ESTIMATE**

**VALUES AS OF DECEMBER 2011**

<b>COVERAGE</b>	<b>AMOUNT</b>	<b>PREMIUM</b>
1. Property Insurance –Single Entity 18 Units 100% Insurable Value 4 Buildings	\$6,464,000	\$7,756
2. Commercial General Liability	\$1,000,000	Included
3. Directors and Officers	\$1,000,000	\$954
4. Umbrella Liability	\$15,000,000	\$1,793
5. Workers Compensation	Statutory	\$880
6. Hired and Non-Owned Auto	\$1,000,000	Included
7. Comprehensive Crime	\$50,000	\$318

**Total Estimated Annual Premiums: \$11,701**

The premium estimates above are based on rates in effect in December 2011. **Premiums are based on 100% occupancy.** Actual premiums may vary, based on the date coverage actually attaches and occupancy. The premium quotes above are good for 60 days from the date on the cover letter.

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 3**  
**ASSOCIATION MANAGEMENT AGREEMENT**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## MANAGEMENT AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between:

**MORRISTOWN SQUARE,**

A New Jersey not for profit corporation located at \_\_\_\_\_, New Jersey (hereinafter referred to as the "Association"),

AND

**RELIANCE PROPERTY MANAGEMENT GROUP, LLC.,**

A New Jersey limited liability company located at Metuchen, New Jersey, 08840 (hereinafter referred to as "RPMG").

WHEREAS, the Association is responsible for the administration, management and operation of that certain residential condominium known as MORRISTOWN SQUARE, located in Morris County, New Jersey (hereinafter called the "Condominium"); and

WHEREAS, the Association desires to engage RPMG to perform administrative, operational and management duties of the Association required for the efficient administration, operation and management of the Condominium as set forth in the Master Deed for MORRISTOWN SQUARE (from now on called the "Master Deed"), the By-Laws of MORRISTOWN SQUARE (from now on called the "By-Laws") and as hereinafter expressly set forth;

NOW, THEREFORE, WITNESSETH that in consideration of the premises, conditions and covenants hereinafter set forth and the sum of TEN (\$10.00) DOLLARS and other good and valuable consideration, in hand paid by the parties hereto, each to the other, simultaneously with the execution and delivery of this Agreement, receipt of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. The Association herewith employs and appoints RPMG as the exclusive manager for the management, operation, and administration of the Condominium and RPMG accepts said employment under and upon the terms and conditions hereinafter provided.

2. The responsibility of RPMG for the administration, management and operation of the Condominium shall commence on \_\_\_\_\_. This Agreement shall continue for two (2) years and, thereafter, shall automatically self renew for successive one (1) year terms unless otherwise terminated as herein provided or negotiated with different terms and conditions. Negotiations for renewal of this Agreement shall commence sixty (60) days prior to the expiration of this Agreement. Either party shall have the right to terminate said Agreement, without cause, by affording the other party at least sixty (60) days prior written notice of said termination. Notwithstanding the above, this Agreement shall terminate ninety (90) days after the first meeting of the Board of the Association in which the unit owners constitute a majority of the Board, unless the Board ratifies this Agreement.

3. RPMG will attend board meetings for a fee of \$75 per hour as requested by the Board.

4. It is further understood and agreed that the authority and duties conferred upon RPMG hereunder are confined to the Common Elements of the Condominium, as same are defined in the Master Deed. Such authority and duties shall not include supervision or management of any individual Units except as directed by the Association in accordance with the Master Deed.

5. The services to be rendered by RPMG in connection with the operation, administration and management of the Condominium subject to approval by the Board of Trustees of the Association are as follows:

A. to cause to be selected hired and supervised, all independent contractors necessary to properly perform the management, maintenance and operation of the Condominium, any such hires being subject to approval of the Board of Trustees of the Association. All compensation paid to such independent contractors shall be at the expense of the Association. Notwithstanding anything to the contrary herein, the Association will be responsible for the payment of direct or indirect compensation to any independent contractor for services rendered for the Association. The Association shall have the right at all reasonable times to audit all records with respect to any and all expenses for which payment has been made by the Association;

B. to cause the Common Elements of the Condominium to be maintained and kept in a condition as may be deemed advisable by the Association and cause necessary repairs and alterations thereto to be made, including, but not limited to, electrical, plumbing, carpentry and masonry, subject only to the limitations contained in this Agreement;

C. to make contracts for common utilities, common landscape maintenance, common pavement maintenance, common area vermin extermination and other necessary common services as shall be deemed advisable, subject to approval of the Board of



Trustees, provided however, RPMG may enter into contracts for necessary emergency services on a limited basis which affect the health, safety and welfare of the Association and its residents. An emergency shall be deemed to exist if there is an immediate risk for bodily injury or property damage if remediation is not undertaken promptly;

D. to check all bills received by the Association for services, work and supplies ordered in connection with and for maintaining as much of the Condominium for which the Association is responsible and to prepare payments for all such bills for approval of the Board of Trustees, as and when same shall become due and payable;

E. to collect on behalf of the Association all Common Expense assessments, maintenance fees, charges, monies and debts which may become due to the Association and to take such action in the name of the Association as may be required for the collection of same up until the delinquent account is transferred to legal counsel. For such purposes, RPMG may, with the prior approval of the Board of Trustees of the Association and at the expense of the Association, employ counsel designated by the Association for such purposes. In the event that a representative of RPMG is required to appear in court for the collection of a delinquent account there will be an hourly charge of \$75 for court preparation and court appearance time, which sum will be paid by the Association and added to the delinquent unit owner's account to the extent allowed in the Master Deed or By-Laws;

F. to deposit all funds collected for the Association in a bank account owned by the Association denominated substantially in the full name of the Association.

G. to maintain businesslike relations with Members of the Association, whose service requests and complaints shall be received, considered, acted upon and recorded in a systematic fashion in order to show the action taken with respect to each. Requests that RPMG deems outside of the scope of its responsibilities or of a serious nature or complaints or requests deemed by RPMG to be unreasonable shall, after thorough investigation, be reported to the Board of Trustees of the Association with appropriate recommendations;

H. to cooperate with the Association's accountant with regard to the annual audit of the books and accounts of the Association including the annual report of the operation of the Association;

I. to cooperate with the Association's accountants with regard to the preparation and filing of the Association of any governmental forms or returns;

J. to cause to be prepared and sent out all letters, reports and

notices as may be reasonably requested by the Board of Trustees of the Association, including any newsletters or other publications which the Board directs. Postage, printing, copying and any other office costs specifically for Association business will be an expense of the Association;

K. to cause to be promptly prepared for Board of Trustees approval any appropriate adjustments with all insurance carriers, and all insurance premiums to be paid, so that insurance coverage may be maintained in full force and effect;

L. to cause to be maintained and kept current, the Association's minute book, Owner/Membership list; prepare and give notice of the meetings to the Owners/Members and Directors of the Association, including all such notices and minute distribution relative to open meetings of the Board of Trustees required by the New Jersey Condominium Act;

M. to maintain records with respect to services and materials and expenses of the Association, which records shall be sufficient to describe the services rendered and shall be kept in accordance with prevailing accounting procedures and shall identify the source and expenditure of all funds. Such records shall be freely available for inspection by the Association's Officers and Directors on a reasonable basis during normal business hours;

N. to render to the Association a monthly statement of all collections and disbursements made, and a delinquent unit owner list, on or before the (20) twentieth day of the following month, and at such other times, at the option of the Association, as shall be consistent with collections, expenditures and commitments for the Association. Such statements shall be prepared at RPMG's expense;

O. to prepare or arrange to be prepared an annual operating budget for submission to the Board of Trustees of the Association no later than forty-five (45) days before the end of each fiscal year of the Association for the next succeeding fiscal year;

P. to arrange for snow clearing from and maintenance of common walkways, and roadways within the Condominium and snow clearing from the Limited Common Element driveways/walkways serving individual Condominium Units;

Q. to arrange for the removal of refuse from designated areas of the Condominium, to the extent same might become an Association responsibility;

R. generally to do all things deemed reasonable, necessary or desirable by the Board of Trustees of the Association to oversee the proper management of the Condominium and which are otherwise consistent with the job duties of property managers generally; and

5. to notify the Association of any practice, procedure or activity or other matter connected with the Condominium which, in the opinion of RPMG, may constitute a violation of any ordinance, code, governmental regulation, or provision of any document governing the Association.

6. All the purchases and expenditures including all services indicated in Section 5 above, except where specifically stated otherwise, shall be at the expense of the Association. RPMG shall not be required or obligated to advance any monies or credit on behalf of the Association.

7. The Association agrees to pay RPMG for all services to be performed in connection with the performance of management, administrative and operational duties of the Association the sum of twenty dollars (\$20.00) per month per Unit for which services are provided hereunder. There are eighteen (18) units in the Association. Such fees shall be payable in advance on the first day of each month during the term hereof. If services outside of this contract are requested, an hourly rate of \$75 will be charged.

8. RPMG is and shall have general authority and powers necessary to carry out the intent of this Agreement and to act therefore on behalf of the Association. The Association authorizes RPMG, on behalf of the Association, to perform any act or do anything necessary or desirable in order to carry out RPMG's agreements contained herein.

9. RPMG shall promptly investigate and make a full written report as to all accidents or claims for damages relating to the management, operation and maintenance of the Condominium, including any damage or destruction to the Common Elements and the estimated cost of repair and shall further cooperate and make any and all reports required by any insurance carrier in connection therewith.

10. RPMG shall not be liable to the Association for any loss or damage unless caused by RPMG's gross negligence or willful misconduct. Unless caused by the gross negligence or willful misconduct of RPMG, the Association will indemnify RPMG against and hold RPMG harmless from any liability, loss, damage, cost, penalties or expenses (including reasonable attorney's fees), statutory or otherwise,

A. sustained or incurred for injury to any person or damage to property in, about or in connection with the Condominium;

B. for any acts properly performed by RPMG pursuant to the instruction of the Association;

C. sustained or incurred in connection with claims asserted by third

parties for sums alleged to be due and owing from the Association under contracts executed or authorized by the Association; and

D. sustained or incurred due to any action or inaction of any Board Member of the Association.

RPMG shall promptly advise the Association of its receipt of information concerning any such claim and the amount of such liability, damages, penalties, costs and expenses, provided, however, that any failure to give such notice in accordance with this sentence shall not relieve the Association of its obligations hereunder unless and to the extent the Association establishes it was actually and materially prejudiced by such failure.

11. RPMG shall assist the Association with respect to obtaining proper insurance coverage for the Condominium, its employees and Directors if requested by the Association; cause to be effected and/or maintained, in such amounts and through such carriers as the Association shall designate or approve, fire, rent, plate glass, boiler, water damage liability, Workmen's Compensation, employer's liability, disability, and any other insurance the Association may elect to carry and to cooperate with any independent insurance broker or consultant the Association may designate or approve and engage for the purpose of effecting insurance and protecting its interest with respect thereto. The Association must also maintain a fidelity bond or crime insurance coverage covering the amount of the annual budget for the first (1<sup>st</sup>) year and the amount of the annual budget plus accumulated reserves while Pulte Homes of NJ, Limited Partnership controls the Board. All insurance decisions and payments will require approval by the Board of Trustees. The Association acknowledges that RPMG is not a professional agent or broker, and that the Association should utilize the services of a professional agent/broker with respect to obtaining insurance coverage for the Association. The Association agrees it will carry, at a minimum, insurance of the following types: (a) Commercial general liability; (b) Association Directors and Officers coverage; (c) Umbrella liability; (d) Worker's Compensation and employer's liability insurance, and (e) contractual liability insurance, specifically covering the indemnity provisions contained in paragraph (10) hereof. The aforesaid liability insurance will include RPMG as a party insured. The Association will deliver a copy of such liability policy to RPMG or a certificate evidencing the same.

12. RPMG has read the Public Offering Statement and accompany Master Deed, and shall operate the Association in accordance there with.

13. In the event a petition in bankruptcy is filed by or against the Association or RPMG, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may forthwith terminate this Agreement upon ten (10) days prior notice in writing to the other.

14. Notice which either party desires to give to the other or is required to give

to the other under this Agreement, shall be given by Certified or Registered Mail, Return Receipt Requested, and shall be deemed given 72 hours upon having been deposited in the United States Mails, addressed to the party for whom it is intended as follows:

**For the Association:**

---

Board of Trustees  
Morristown Square

**For RPMG:**

Reliance Property Management Group, LLC  
P.O. Box 501  
Metuchen, NJ 08840

15. Upon termination of this Agreement, the parties shall account to one another with respect to all matters outstanding as of the date of termination, and the Association shall furnish to RPMG security satisfactory to RPMG, against any outstanding obligations or liabilities which may have been incurred hereunder.

16. This Agreement shall constitute the entire understanding between the parties, and no variance or modifications thereof shall be valid and enforceable except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.

17. In the event of any dispute between the parties hereto as to the terms of this Agreement, such dispute shall be submitted to binding arbitration in accordance with the then current rules of the American Arbitration Association before a single arbitrator selected from the Panel of Arbitrators of the American Arbitration Association, in Middlesex County, New Jersey. It is further agreed that a judgment on the award of the arbitrator may be entered by any court of competent jurisdiction.

18. It is understood and agreed that this Agreement shall be construed in accordance with the laws of the State of New Jersey.

19. If any party to this Agreement brings any action to enforce any of the terms of this Agreement or to recover for any breach of this Agreement, then the prevailing party shall be entitled to recover all attorney's fees and costs of suit from the other party.

20. RPMG shall have the right to observe the following holidays during the contract term: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving and Christmas Day.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

ATTEST:

MORRISTOWN SQUARE

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

ATTEST:

RELIANCE PROPERTY MANAGEMENT GROUP, LLC.

\_\_\_\_\_

By: \_\_\_\_\_  
Tejas Kadia ass Managing Member

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 4**  
**PURCHASE AGREEMENT/CONTRACT**

THIS PAGE INTENTIONALLY LEFT BLANK



HOME PURCHASE AGREEMENT  
SUMMARY OF BASIC PROVISIONS

The SELLER: Pulte Homes of NJ, Limited Partnership, 222 Mt. Airy Road, Suite 210, Basking Ridge, New Jersey 07920

The BUYER(S): Name: \_\_\_\_\_ Tel: Res: \_\_\_\_\_  
 Address: \_\_\_\_\_ Tel: Bus: \_\_\_\_\_  
 \_\_\_\_\_  
 Name: \_\_\_\_\_ Tel: Res: \_\_\_\_\_  
 Address: \_\_\_\_\_ Tel: Bus: \_\_\_\_\_  
 \_\_\_\_\_

THE SELLER AGREES TO SELL AND THE BUYER AGREES TO PURCHASE FROM SELLER, SUBJECT TO ALL OF THE TERMS OF THIS AGREEMENT, ANY ADDENDA THERETO, AND THE COMMUNITY DOCUMENTS, THE FOLLOWING PROPERTY:

COMMUNITY: **MORRISTOWN SQUARE, A CONDOMINIUM**  
 TOWN OF MORRISTOWN, MORRIS COUNTY, NJ  
 BLOCK NO.: \_\_\_\_\_, LOT NO.: \_\_\_\_\_, SEQ. NO.: \_\_\_\_\_  
 ADDRESS: \_\_\_\_\_  
 MODEL TYPE: \_\_\_\_\_, ELEVATION: \_\_\_\_\_

(THE "HOME" OR THE "PROPERTY")

BASE PRICE OF MODEL: \$ \_\_\_\_\_  
 LOT PREMIUM: \$ \_\_\_\_\_  
 OPTIONS: \$ \_\_\_\_\_  
 \$ \_\_\_\_\_  
 OTHER: \$ \_\_\_\_\_  
 PURCHASE PRICE: \$ \_\_\_\_\_

THE PAYMENT TERMS: INITIAL DEPOSIT: \$ \_\_\_\_\_ ON DATE \_\_\_\_\_  
 ON SIGNING CONTRACT: \$ \_\_\_\_\_ ON DATE \_\_\_\_\_  
 MORTGAGE AMOUNT (If a Mortgage is required, Paragraph 4 of this Home Purchase Agreement is applicable): \$ \_\_\_\_\_

BALANCE AT CLOSING: \$ \_\_\_\_\_ PAID BY CERTIFIED CHECK  
 TOTAL PURCHASE PRICE: \$ \_\_\_\_\_

LOAN APPROVAL DATE: \_\_\_\_\_  
 ESTIMATED CLOSING DATE: \_\_\_\_\_  
 Month Day, Year

HOME SALE CONTINGENCY: YES \_\_\_\_\_ NO \_\_\_\_\_ (If the YES box has been checked, please see attached Contingency Addendum)

**NOTICE TO THE BUYER: THE BUYER HAS THE RIGHT TO CANCEL THIS CONTRACT OR AGREEMENT BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE SELLER BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH IT IS EXECUTED. SUCH CANCELLATION IS WITHOUT PENALTY AND ALL MONIES SHALL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.**

**NOTICE TO THE BUYER AND SELLER: WITHIN THE FIRST THREE BUSINESS DAYS OF THIS SEVEN DAY PERIOD, EACH PARTY MAY CHOOSE TO CONSULT AN ATTORNEY WHO CAN REVIEW AND CANCEL THE CONTRACT. SEE SECTION ON ATTORNEY REVIEW FOR DETAILS.**

**MORRISTOWN SQUARE, A CONDOMINIUM  
HOME PURCHASE AGREEMENT**

This Home Purchase Agreement (the "Agreement"), dated <<Sales Agreement Create Date>> for reference purposes, is between the Buyer and Seller as set forth below.

**1. BUYER AND SELLER.**

**1.1 Buyer.** "Buyer" is the party, or collectively, the parties, listed below:

Name(s)	Current Address	Telephone
---------	-----------------	-----------

**1.2 Seller.** "Seller" is Pulte Homes of NJ, Limited Partnership. Seller's address is:

222 Mt. Airy Road, Ste. 210  
Basking Ridge, NJ 07920

**1.3 Summary of Basic Provisions.** The Summary of Basic Provisions is incorporated into this Agreement as if set forth at length herein.

**2. PROPERTY.**

**2.1 Description of Property.** Seller agrees to sell and Buyer agrees to purchase a home (the "Home") located on the lot described below (the "Lot"). The Home and the Lot are collectively referred to as the "Property."

<<Plan Name>>	<<Elevation>>	<<Lot Address>>
<b>Seller's Plan/Model ID</b>	<b>Seller's Elevation ID</b>	<b>Buyer's New Home Address</b>
<<Lot/Block Full Number>>	<<Tract Number>>	
<b>Home Site (Lot/Block/Section )</b>	<b>Unit No.</b>	<b>City/County/State/Zip</b> Morristown, Morris County, NJ

**3. PURCHASE PRICE AND DEPOSITS.**

**3.1 Total Purchase Price.** Buyer agrees to pay Seller the Total Purchase Price for the Property, such amount being the base price of the Property as set forth on the attached Job Initiation Order ("JIO"), plus the price of all options, upgrades and premiums selected by Buyer on the JIO, any Change Order, or addenda. Buyer understands that the current Total Purchase Price as set forth on the JIO is subject to change according to the terms of this Agreement and may be different than the final Total Purchase Price that will be paid at Closing. All sums to be paid by Buyer to Seller prior to Closing must be paid in U.S. funds by personal check, certified check, title company or attorney trust account check or by wire transfer of funds. All sums to be paid at Closing must be in the form of a cashier's check or wire transfer of funds.

**3.2 Deposit(s).** The "Deposit(s)" shall mean the Earnest Money Deposit and any amount paid with regard to options, upgrades or premiums pursuant to this Agreement, the JIO, any Change Order, or addenda. Bu,

acknowledges that Seller may require additional Deposit(s) in cash for certain options, upgrades or premiums. All such Deposit(s) paid under this Agreement shall be held in escrow by Giordano, Halleran & Ciesla and deposited in a non-interest bearing attorney trust account with Giordano, Halleran & Ciesla, ATA to be held at Provident Bank, 1580 Highway 35 South, Middletown, New Jersey 07748 and will be subject to the Escrow Agreement included with the Public Offering Statement provided to Buyer. The Deposit shall be held there at least until the sooner of the termination of this Agreement or Closing. To the extent the Deposit(s), or any portion thereof, are refunded to Buyer pursuant to this Agreement, Buyer shall have no right to make a claim for or receive any interest deemed to be or actually accrued on the Deposit(s), except as provided in Section 10.4. By initialing below, Buyer indicates complete understanding of all terms and conditions applicable to the Deposit(s).

Buyer Initials	Buyer Initials

**4. FINANCING THE PURCHASE OF THE PROPERTY.**

**4.1 FINANCING THE PURCHASE OF THE PROPERTY.** Unless otherwise indicated on an Addendum or Change Order signed by both parties and subject to the terms and conditions set forth in this Agreement, Buyer shall obtain a Notice of Loan Approval (as defined in Section 4.1.2 below) and deliver same to Seller on or before <<Loan Approval Deadline>> calendar days from the date of Buyer's execution of this Agreement (the "Loan Approval Deadline"). The Notice of Loan Approval shall be for a mortgage that has the following rate and term:

Rate: \_\_\_\_\_

Term: \_\_\_\_\_

**4.1.1 Time to Make Application.** Within five (5) business days after Buyer's right to cancel the Agreement expires (the "Loan Application Deadline"), Buyer must complete an application (collectively, the "Loan Application(s)") for any loan(s) required by Buyer to Close the purchase of the Property. In addition, Buyer agrees to provide Buyer's lender all requested supporting documentation ("Supporting Documentation") within five (5) business days of the lender's request therefore (the "Supporting Documentation Deadline"). In the event Buyer fails to complete the Loan Application(s) on or before the Loan Application Deadline, then Seller may cancel the Agreement and return the Deposit to Buyer. In the event Buyer fails to provide the lender with Supporting Documentation on or before the Supporting Documentation Deadline, then Seller may (i) cancel the Agreement and return the Deposit to Buyer; or (ii) provide a written notice of default to Buyer in which event Buyer will have ten (10) business days from its receipt of the written notice to cure the default. In the event Buyer does not cure this default within the ten (10) business day cure period, then Seller may cancel the Agreement and return the Deposit to Buyer.

**4.1.2 Notice of Loan Approval.** "Notice of Loan Approval" is a written statement by a lender stating that the lender has approved making a loan to Buyer in the amount requested by Buyer and specifying all conditions necessary for the lender to fund the loan.

**4.1.3 Buyer's Best Efforts.** Buyer must use best efforts to obtain a Notice of Loan Approval and to maintain the Notice of Loan Approval from the date obtained by Buyer until the Closing. Further, Buyer agrees not to take any action (or fail to act) the consequence of which might adversely affect Buyer's Loan Application or Notice of Loan Approval. In the event Buyer fails to comply with the terms of this Section, Buyer is under an obligation to notify Seller of its inability to comply with this Section or if Seller independently learns that Buyer has failed to comply with the terms of this Section, then Seller will provide a written notice of default to Buyer in which event Buyer will have ten (10) business days from its receipt of the written notice to cure the default. In the event Buyer does not cure this default within the

ten (10) business day cure period, then Seller may declare the Buyer in default and exercise its remedies as set forth in Section 10.

- 4.1.4 Buyer's Obligation to Notify Seller.** Within five (5) business days after Buyer receives written notification from Buyer's lender, Buyer shall provide Seller a copy of any correspondence from Buyer's lender that (i) lender has approved making a loan to Buyer (even if subject to conditions), (ii) Buyer has failed to qualify for, or been otherwise denied, a loan, or (iii) the approval or approval conditions of Buyer's loan have changed from that reported in any prior correspondence. In addition, within five (5) business days of Buyer becoming aware of such reason, Buyer shall notify Seller of any reason that substantially impairs Buyer's ability to perform under this Agreement.
- 4.1.5 Failure to Deliver Notice of Loan Approval.** Regardless of the reason, if Buyer fails to deliver to Seller written Notice of Loan Approval on or before the Loan Approval Deadline, Seller shall deliver to Buyer a notice of financing deficiency ("Financing Deficiency Notice"). Buyer shall have five (5) business days after receipt of a Financing Deficiency Notice in which to provide Seller (i) written Notice of Loan Approval, (ii) an executed Cash Sale Addendum, in a form acceptable to Seller, and provide documentation evidencing that Buyer has sufficient funds readily available to pay cash for the Property as provided in such Cash Sale Addendum, or (iii) written notice of Buyer's election to terminate this Agreement. If Buyer fails to cure the financing deficiency as set forth in the preceding sentence, Seller may declare the Buyer in default and exercise its remedies as set forth in Section 10. Provided Buyer has otherwise complied with the terms of this Agreement, if Buyer elects to terminate this Agreement as provided in (iii) above, Seller shall refund all Deposit(s) paid by Buyer only after Buyer executes a document, in a form acceptable to Seller, terminating and releasing Seller from any further obligations under this Agreement.
- 4.1.6 Further Evidence.** At any time after the Loan Approval Deadline, Seller may request that Buyer provide Seller reasonable proof that Buyer's Notice of Loan Approval remains valid so that Buyer will be able to obtain the loan(s) referenced in this Section 4.1 on or before the date upon which Seller reasonably anticipates that the Closing will occur (e.g., a letter from Buyer's lender). If Buyer is unable to provide Seller such proof within ten (10) business days of Seller's request, Seller may declare the Buyer in default and exercise its remedies as set forth in Section 10.
- 4.1.7 Loan Closing.** Intentionally Omitted.
- 4.1.8 Agreement Not a Loan Application.** Buyer acknowledges that this Agreement does not constitute a loan application, a loan approval or a commitment by any lender or Seller. The loan, if any, is to be obtained by Buyer, and Seller has no responsibility whatsoever in connection therewith including, but not limited to, "locking" of loan interest rates.
- 4.1.9 Nonrefundable Deposit(s).** Notwithstanding anything to the contrary contained in this Agreement, Buyer specifically agrees that once Buyer obtains a Notice of Loan Approval, the Deposit(s) paid by Buyer shall no longer be refundable unless Seller is in default under this Agreement or as required by applicable law. Notwithstanding the foregoing, the maximum nonrefundable portion of the Deposit is ten percent (10%) of the Total Purchase Price plus the costs of upgrades and options that have been installed.
- 4.2 Pulte Mortgage LLC.** Pulte Mortgage LLC, an affiliate of Seller, does business under the name Pulte Mortgage and may make available financing services in connection with a home purchase. Other than the rate and term provided in Section 4.1 of this Agreement, the terms and conditions of such financing will be separately disclosed upon Buyer's qualification for such financing. Seller makes no representation with respect to the interest rate or other terms of such financing, whether such financing will be available or if and when Buyer may qualify for such financing. Buyer is not required to use Pulte Mortgage although certain incentives may be available if Buyer finances through Pulte Mortgage.
- 4.3 Appraised Value of Options.** Buyer acknowledges that the appraised value of the Property (or the amount of any loan) may not increase in direct proportion to the price increase attributable to the addition of some options, upgrades or premiums. If the appraised value of the Property (or the amount of any loan) does not correspondingly increase, Buyer will be responsible for payment of any shortfall in cash. Payment for options shall be credited against the Total Purchase Price.

5. **BUYER OPTIONS SELECTIONS.**

5.1 **Buyer Option Selections.** Buyer agrees to select options and upgrades on or before <<Option Selections Due Date>> after the date Buyer signs the Agreement. Buyer agrees to schedule and attend all necessary appointments to make Buyer's selections. Buyer's selections will be final and binding. Buyer agrees that the prices for all selections shall be the price in effect at the time of selection. If Buyer has not made such selections within the required time period, Seller may either (i) make such selections for Buyer, in which case Buyer shall be bound by such selections or (ii) provide a written notice of default to Buyer in which event Buyer will have ten (10) business days from its receipt of the written notice to cure the default. In the event Buyer does not cure this default within the ten (10) business day cure period, then Seller may cancel the Agreement and return the deposit to Buyer. If Buyer's selections become unavailable at the time of construction for any reason, including a change in suppliers, Buyer will make another selection within five (5) business days of being notified of such unavailability and the Total Purchase Price will be adjusted accordingly. Buyer agrees that Seller assumes no liability for deviations in color or texture that are associated with the manufacturing process. Buyer further acknowledges that color variations in all natural and some man-made products are to be expected and shall be binding on Buyer, provided those variations are within industry tolerances. BY INITIALING BELOW, BUYER ACKNOWLEDGES THAT BUYER HAS RECEIVED A LIST OF AVAILABLE OPTIONS AND HAS <<OPTION SELECTIONS DUE DATE>> FROM THE DATE BUYER SIGNS THIS AGREEMENT TO FINALIZE ALL NON-STRUCTURAL OPTION CHOICES. ALL STRUCTURAL OPTIONS MUST BE SELECTED AS OF THE DATE BUYER SIGNS THIS AGREEMENT.

Buyer Initials	Buyer Initials

- 5.1.1 **Garage Location/ Plan Orientation.** Buyer acknowledges that the Home may be built in reverse of the floor plan shown in the brochure or model (dependent upon pre-determined utility positioning requirements), including garage orientation as determined solely by Seller. Seller reserves the right to determine the location, configuration and orientation (including garage location – right or left) of the Home upon the Lot. Seller makes no representation as to the location of utility lines, boxes or structures, fire hydrants, cluster mailboxes, if applicable, light poles, storm drainage pipes and/or other neighborhood structures or improvements. Buyer acknowledges that the Lot may have all or some of such items.
- 5.1.2 **Flooring.** Seller has advised Buyer of the flooring options available to Buyer and that certain areas of the Home may not be well suited for certain types of flooring (for example, hardwood floors may not be well suited for areas of the Home with a higher likelihood of moisture, such as kitchens, laundry rooms or bathrooms). If Buyer nevertheless chooses to install floor covering types in areas of the Home in which they are not well suited, Seller will not be responsible for any resulting damage and Buyer will not receive warranty coverage under the Limited Warranty (defined below) for such damage.
- 5.1.3 **Inventory or Partially Completed Homes.** Notwithstanding any conflicting terms in this Agreement, if Buyer is purchasing an existing or partially completed home (an "Inventory Home"), the above time deadline for option selections is not applicable to Buyer. Buyer must make any available option selections within seven (7) business days after the date Buyer signs this Agreement. If Buyer fails to do so, Seller may make such selections on behalf of Buyer, in which case Buyer shall be bound by such selections. Buyer acknowledges that Buyer's ability to select options with respect to an Inventory Home will depend upon the level of completion of the Inventory Home at the time Buyer signs this Agreement and that Buyer may be entitled to pick only limited options or no options. Buyer represents that Buyer has inspected the Home and understands that except for those items listed in the JIO, any Change Order or addenda, the Home is sold "as built." Buyer understands that the current plan offered for newly built homes may have standard features not included in the Inventory Home and those features will not be included in the Home.
- 5.1.4 **Seller's Right to Change or Limit Designs and Option Selections.** Seller reserves the right to change or limit the design of other homes in the community and/or change or limit any options or included features offered. **If Seller changes or limits the design of other homes in the community and/or changes or limits any options or included features, Seller shall have no obligation to make corresponding changes to the Home sold to Buyer.**

- 5.1.5 Buyer Improvements.** Buyer agrees that it will not make or contract with or otherwise arrange for any Seller's contractors or subcontractors or any other parties to make any personal changes or additions to the Home or Property prior to Closing, including, but not limited to, the installation or addition of any equipment, wiring, appliances, wall coverings, sprinkler systems or paint. If Buyer violates this provision, Buyer shall be in default of this Agreement and shall be liable for any and all damage that such changes, additions or alterations caused, including building code violations, damage to the Property and time delays incurred by Seller in removing or correcting the alterations. Seller shall also have the right to remove and/or correct any changes additions or alterations made by Buyer or Buyer's agents and to destroy or dispose thereof without compensation or reimbursement to Buyer and without any liability to Seller.
- 5.2 Community Specific Models.** The design, specification levels and pricing of features in each home may vary by community, even for the same or similar models. If Buyer has seen a model of the Home at another of Seller's communities, Buyer understands that there may be significant differences in design, specification levels, and pricing between such model and a similar model in the Community.
- 5.3 Models and Decorator Items.** Buyer acknowledges that the models have been professionally decorated to show various decor ideas to personalize the homes in the Community. Items such as furnishings, draperies and other window treatments, wallpaper, custom carpet, upgraded cabinetry, coordinated paint and texture, built-in shelves, beams, certain lighting fixtures, special ceiling treatments and some mirrors are for display purposes only, and are not included in the Total Purchase Price for the Property. Entries, walkways and driveways are shown in a variety of materials to show design ideas; however, for the Property, they will be constructed using standard materials only. Additionally, the models have been professionally landscaped. Buyer understands that the landscaping for the models may be greater in density and size than any landscape package offered by Seller. Certain models may also display hardscape items (such as patio slabs, patio covers, pools, spas, etc.). The hardscape shown in the model complex may not depict what may be constructed in all locations. All such options and upgrades displayed by the models (including, decorator items, landscaping and hardscape) are not included in the Total Purchase Price for the Property unless expressly agreed to in writing by Seller; they are included in the models for marketing purposes and do not constitute representations, assurances or warranties as to the Home and are not a part of this Agreement. All such upgrades and options will be clearly identified within the sales office or model homes and a list of upgrades and options with prices will be located within the sales office.
- 5.4 Seller Substitutions or Variations.** Due to governmental conditions, availability of materials, changes in product offerings or changes of suppliers, Seller reserves the right to make changes to the Home and/or to make deviations from the plans or specifications as become necessary in Seller's sole opinion by site, and job, so long as Seller substitutes materials of equivalent or better quality and appearance. Determination of equivalency will be based on accepted industry standards. If Seller makes such substitutions, the Total Purchase Price will be adjusted to reflect such substitution. Buyer acknowledges that actual "as-built" dimensions may vary slightly from the plan. If possible, all such changes or deviations to/from the Home and/or plans or specifications shall not materially affect the value of the Home and shall be in compliance with applicable building codes. In the event any options or extras selected by Buyer, or any brand name features of the Home that are advertised by Seller are no longer available, Seller shall provide advance written notice to Buyer for Buyer to select substitutions to Buyer's previously selected options or extras, or any brand name features advertised by Seller. The list of options or extras, or brand name substitutions for Buyer to select from shall be provided by Seller. Buyer shall have five (5) business days from its receipt of the written notice to make its substitute selections. In the event that the Buyer does not make its substitute selections within this five (5) business day period, then Seller may make such substitute selections for Buyer, in which case Buyer shall be bound by such selections.
- 5.5 Lot Premiums.** Premiums for lots vary and are determined by the particular attributes of each lot as evaluated from time-to-time by Seller's management. Considerations that may affect market value, include but are not limited to lot size, lot dimensions/shape, locations, surrounding development, fences, walls, privacy, proximity to amenities and commercial areas, maturity of landscaping, natural features, views and elevation. Buyer acknowledges that the characteristics that make the Lot unique may change over time, and the Lot may be more or less desirable as a result of such changes. Seller makes no representation or guarantee of the future value of Buyer's Lot. Real property values fluctuate and are subject to change based

upon market conditions. Also, modifications made by Seller or any master developer in the course of the development of the rest of the Community may affect the Lot's value in addition to the use and enjoyment of the Lot. Buyer understands that Seller is not responsible or liable for the impact of such changes, and Buyer hereby agrees not to seek any recovery of Lot Premium or pursue any other remedy against Seller at any time due to such changes.

Buyer Initials	Buyer Initials

6. **COMMUNITY.**

6.1 **Community Documents.** If marked "Yes" below, Buyer is advised and acknowledges that all lots within the Community are subject to private use restrictions and other covenants to assure the orderly operation and maintenance of the Community. The Property will be subject to various restrictions on the use of the Property, condominium's association or community assessments and/or fees, and various easements for utilities, access or other purposes. By signing this Agreement, Buyer acknowledges that the documents listed under the heading "Community Documents" on Exhibit A (the "Community Documents"), have been received in accordance with applicable law. Upon the Closing, Buyer's use of the Property will be subject to the Community Documents.

Property subject to Community Documents:

XX Yes                      \_\_\_\_\_ No

Buyer Initials	Buyer Initials

6.2 **Seller's Right to Act in Response to Market Conditions.** Seller may, before or after Closing on the sale of the Property to Buyer, raise or lower sales prices for similar homes or other homes of the same plan or offer sales incentives to other buyers in response to market conditions with no obligation to Buyer. Seller reserves the right to sell lots to other builders, or to rent or lease homes, or to change the zoning or planned use of other property in the Community or surrounding property. With regard to prices, Seller may, in the absolute discretion of Seller, change prices, terms, features or options, or offer concessions for homes in any existing or proposed phases of the Community or any other community. Seller may further change the floor plans, size, elevations, design or other exterior characteristics of future homes built in the Community. Seller has neither offered nor agreed to any price protection or other similar commitment to Buyer regarding the value or resale value of the Property (or any other property), and Seller shall not have any obligation or liability whatsoever to Buyer in the event any price changes directly or indirectly affect the value of the Property.

6.3 **Development Plans.** All development plans for the Community may be amended or changed from time-to-time to provide for, among other things, changes in land use, improvement plans, street patterns, setbacks, the type, number, style or price of residences, lot sizes and configurations, densities, recreational amenities, or other improvements. In addition, if permitted by the Community Documents, such as the Declaration of Restrictive and Protective Covenants or Master Deed, as applicable, or otherwise approved pursuant to the Community Documents, and subject to Seller obtaining all necessary governmental approvals, Seller or an affiliate of Seller may annex into the Community additional lands that are not currently described in the Community Documents, if applicable. This annexation may or may not require the consent of certain owners of lots in the Community. The plans for the Community or any master development which encompasses the Community may be periodically updated and remain subject to change. Buyer understands that no statement by one of Seller's representatives or any Salesperson regarding the planned use of property in or adjacent to the Community should be understood by Buyer or anyone as a warranty or promise regarding Seller's or any party's future development plans and such statements should not be construed to limit or affect Seller's right to make changes to its development plans or any other zoning ordinance or development plan in the future. By execution of this Agreement, and as a material inducement to Seller to accept Buyer's offer to purchase the Property, Buyer waives any right to claim any damages, costs, liabilities, expenses or obligations against Seller, its officers, directors, shareholders, employees,

agents and subsidiaries for any changes to the development plans and/or any zoning ordinance for Community or for adjacent properties, or for the annexation or withdrawal of additional land.

**7. CONSTRUCTION OF THE HOME.**

- 7.1 Home Construction.** The Home will be constructed according to Seller's construction schedule and plans and specifications.
- 7.2 Commencement of Construction.** Construction of the Home will begin at Seller's sole and absolute discretion and proceed thereafter in a workmanlike fashion in accordance with this Agreement.
- 7.3 Completion of the Home.** It is the intention of the parties that this sale qualify for the exemption provided by 15 U.S.C. Section 1702(a)(2) of the Interstate Land Sales Full Disclosure Act, and nothing herein contained shall be construed or operate, as to any obligations of Seller or rights of Buyer, in a manner which would render said exemption inapplicable. Buyer and Seller acknowledge their intention that the sale of the Property be exempt from the Interstate Land Sales Full Disclosure Act. Accordingly, Buyer and Seller authorize any court which interprets this Agreement to construe it most liberally so that such exemption is available.

Notwithstanding anything in this Agreement to the contrary, Seller shall be obligated to complete the Home no later than two years after the date Buyer signs this Agreement, except for delays caused by acts of God or other matters that qualify under impossibility of performance principles recognized under the laws of the State of New Jersey, in which case the completion date shall be delayed by an amount of time equivalent to the delay caused by acts of God or impossibility of performance matters. Seller will use reasonable efforts to keep Buyer informed of its construction schedule but cannot guarantee any specific completion date or construction schedule except as set forth in this Agreement. Seller is not responsible for inconvenience, loss, expense or other consequences to Buyer resulting from delays in construction completion provided that the Home is completed within the time period set forth in this Section. Seller is not responsible for delays in the installation or service delays of telephone, cable television, mail or similar services at, or after Closing provided that all necessary and customary utilities are extended to the Home within the time period set for this Section.

The terms of this Section 7.3 will not limit the provisions of Section 10.4 of this Agreement, which requires Seller to construct, complete and convey the Home to Buyer within one-hundred eighty (180) calendar days of the Estimated Closing Date, nor will this Section 7.3 limit any of Buyer's rights or remedies under the aforementioned Section 10.4.

- 7.4 Insulation.** Insulation will be installed in the Home as set forth below, where construction allows:

<u>LOCATION</u>	<u>R-VALUE</u>
Exterior Walls (2x4) (3 ½ inches thick)	R-13
Exterior Walls (2x6) (3 ½ inches thick)	R-19
Wood floors (over garage or outside air)	R-38
Concrete Floor (perimeter at grade)	R-10
Ceilings	R-38

NOTE: Minimum heat pump or air conditioner seasonal energy efficiency rating shall be 14 SEER.

Notwithstanding the foregoing, insulation may be of lesser thickness and R-value than indicated in certain areas where the design of the Home does not permit greater thickness. Examples of locations where thickness and R-value may vary include locations where studs are placed in the walls, at corners and windows and where roof trusses attach to outside walls. The R-values are based on the representation of the manufacturer and/or installer of the insulation and Seller does not warrant or represent that these R-values are correct. Seller has the right to make substitutions as to the type, thickness and R-value of insulation installed in the Home as long as there are no substantial changes in the R-value of the insulation installed substantial portion of the Home.



- 7.5 **Environmental Notice/Disclosure.** THE HOME AND ITS OCCUPANTS MAY NOW OR IN THE FUTURE BE EXPOSED TO VARIOUS ENVIRONMENTAL CONDITIONS IN OR NEAR THE HOME (INCLUDING, BUT NOT LIMITED TO, RADON GAS IN THE SOIL, ELECTROMAGNETIC FIELDS FROM POWER LINES AND APPLIANCES, MOLD, THE PRESENCE OF SURFACE AND UNDERGROUND UTILITY FACILITIES, AND THE POSSIBILITY OF AIR, WATER AND SOIL POLLUTION). SELLER DOES NOT CLAIM ANY EXPERTISE CONCERNING SUCH CONDITIONS. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, ABOUT SUCH CONDITIONS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY TYPE OF DAMAGES THAT SUCH CONDITIONS MIGHT CAUSE TO THE HOME OR ITS OCCUPANTS. THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY RECOMMENDS THAT RADON LEVELS BE TESTED IN ALL HOMES, SO BUYER MAY WISH TO TEST THE HOME AFTER CLOSING FOR ITS SPECIFIC RADON LEVEL. FOR ADDITIONAL INFORMATION, CONTACT BUYER'S LOCAL, STATE OR FEDERAL ENVIRONMENTAL AGENCIES OR OTHER AVAILABLE SOURCES. THE SPECIFIC CONDITIONS AFFECTING THE COMMUNITY ARE SET FORTH IN THE PUBLIC OFFERING STATEMENT PROVIDED TO BUYER.
- 7.6 **Termites.** Buyer is advised and acknowledges that during construction, Seller may utilize a termite treatment or barrier or combination of methods in an attempt to prevent termite infestation in the Home. Buyer is advised that current governmental regulations limit the types and concentration of chemicals and the methods of application that can be used in attempting to prevent or eradicate termites. Consequently, termites may appear following completion of the Home. Seller recommends that Buyer retain the services of a qualified pest control company to regularly (at least annually) inspect the Home and apply the appropriate termite treatments or measures to prevent termite infestation. Except and to the extent limited or prohibited by applicable law or FHA/VA regulations, Buyer waives all claims against Seller for damage, losses, costs and expenses in connection with the existence of termites at the Home or on the Property and Buyer agrees to be solely responsible for preventing or exterminating termites in or around the Home in such manner as Buyer may determine.
- 7.7 **Landscaping/Drainage.** At Closing, the Lot will have been graded for proper water drainage in accordance with grading and drainage plans approved by the appropriate governmental authority for the Community. Unless otherwise set forth on the JIO, Change Order or the landscaping plan for the Lot, the Lot or Property will not be landscaped in any way. If Seller offers a landscaping package, before Buyer elects one of the landscaping packages offered by Seller, Buyer should carefully review and understand the terms of such landscaping package. If Buyer elects to install Buyer's own landscaping, Buyer will install such landscaping within the time period set forth in the Community Documents, if applicable. At Closing, Seller's responsibility with respect to soil erosion, soil conditions, drainage and any landscaping installed by Seller terminates and Buyer's responsibility begins, unless otherwise described by the Limited Warranty. Seller is not liable for damages caused or contributed to by any changes which Buyer, Buyer's contractor or Buyer's landscaper make to the grading or drainage of the Lot. Unless set forth in the JIO, Change Order or the Limited Warranty, there is no warranty and Seller has no liability for any landscaping which dies or is damaged following Closing. Buyer understands the terms of the landscaping package offered by Seller (if applicable).
- 7.8 **Visits to the Construction Site and Assumption of Liability and Risk.** When safety conditions permit, Seller would be pleased to show Buyer homes under construction in the Community. Buyer understands that a construction site can be a dangerous place. Buyer or Buyer's visitors are not allowed to visit the construction site without permission and without a representative of Seller. Hard hats and closed toe shoes are required while visiting areas under construction. **Buyer acknowledges that any entry to a construction site is at Buyer's own risk and Buyer waives the right to make claims against Seller for any personal injury or property damage that Buyer, Buyer's guests and/or minor children might incur. Buyer agrees to indemnify and hold Seller harmless from and against any and all personal injuries, property damage, or any other claim or injury incurred by Buyer, or Buyer's visitors on the Property, or on any construction site at <<Community Name>> at any and all times before and after Closing.**

If Buyer fails to comply with the terms of this provision, Buyer will be in breach of this Agreement.

Buyer Initials	Buyer Initials

- 7.9 **Pre-Closing Orientation (Final Walk Through).** Buyer shall have an opportunity to conduct a pre-closing orientation (the "Pre-Closing Orientation"), which will be scheduled by Seller approximately seven (7) business days prior to Closing. Seller will make a reasonable effort to accommodate Buyer's schedule for such orientation, but Closing will not be delayed if Buyer is unable to participate in the Pre-Closing Orientation. The Pre-Closing Orientation will determine the remaining items to complete, repair or replace, which are commonly known as "Punch List" items. It is Seller's goal to have all Punch List items completed and signed off before Closing. THE EXISTENCE OR INCOMPLETENESS OF SUCH PUNCH LIST ITEMS PRIOR TO CLOSING SHALL NOT ENTITLE BUYER TO CANCEL THIS AGREEMENT, DELAY CLOSING, OR WITHHOLD FUNDS AT CLOSING. After Closing, Seller will repair or complete any Punch List items, if any, that were not completed prior to Closing within forty-five (45) calendar days after the Closing subject to weather, the availability of materials and labor, availability of access and other factors. Buyer agrees to provide Seller access to the Home during normal working hours, to allow Seller to address Punch List items. Buyer's failure to provide such access and/or Buyer's refusal to allow Seller to repair/replace any Punch List item according to the method selected by Seller will relieve Seller from any and all obligations to Buyer under the Limited Warranty and this Agreement regarding such Punch List items.
- 7.10 **Loss of Property.** Seller will assume the risk of loss or damage related to the Property (e.g., by fire or other casualty) until the earlier of the Closing or the time Buyer takes possession of the Property. If the Property is damaged prior to the earlier of the Closing or the time Buyer takes possession of the Property, Seller will repair the damage as Seller reasonably determines necessary. However, if Seller determines that the Home is totally destroyed, Seller shall give Buyer written notice of such total destruction (the "Destruction Notice"). Upon receipt of the Destruction Notice, Buyer shall have ten (10) business days in which to provide Seller written notice of its election to either (i) terminate this Agreement and receive a refund of all Deposits paid, or (ii) have Seller restore the Property. If Buyer elects to have Seller restore the Property, the time for Seller to complete the Home shall be delayed or extended, if permitted, in accordance with Section 7.3. If Buyer fails to timely deliver to Seller written notice of Buyer's election, then Buyer shall be deemed to have elected to have Seller restore the Property as described above. After the earlier of the Closing or the time Buyer takes possession of the Property, Buyer assumes all risk of loss or damage related to the Property.

## 8. **THE CLOSING.**

- 8.1 **Closing/Escrow Agent.** Buyer agrees to employ a qualified title company, law firm, or independent escrow company, chosen solely by Buyer (the "Closing or Escrow Agent") to handle, among other matters, the title work, collection, preparation, obtaining the proper signatures upon and recordation of documents and collection and distribution of funds related to this transaction where Seller transfers the title to the Property to the Buyer (the "Closing" or "Close").
- 8.2 **Closing/Escrow Instructions.** Delivery and acceptance of a fully executed copy of this Agreement shall confirm the selection of the qualified title company, law firm or independent escrow company as Closing or Escrow Agent. The Closing or Escrow Agent shall be named on an addendum to this Agreement. Buyer is responsible for payment, at or before Closing, of (i) the premium for a basic residential owner's title policy (i.e., an A.L.T.A. Plain Language Residential Owner's Policy or its local equivalent) as set forth on an Addendum to this Agreement (ii) all Closing or Escrow Agent's fees and charges levied by Closing or Escrow Agent in connection with this transaction; (iii) all costs of the loan and or any other financing, including but not limited to, all application fees, discount points, origination fees, prepaid interest, credit reports, lender's title policy, survey fees, insurance premiums, mortgage insurance premiums, recording fees, appraisal fees, and impounds for taxes and insurance; (iv) all recording fees, taxes, assessments, including any stamp, documentary or other transfer tax, except the basic realty transfer tax shall be paid by Seller and (v) any other fees and costs charged by Closing or Escrow Agent or lender for the loan made to Buyer for the purpose of purchasing the Property, or as a result of any loan applications submitted by Buyer, whether or not a loan is made; and (vi) any other items described on the Real Estate Settlement and Procedures Act form (collectively, the "Closing Costs"). When Buyer and Seller have complied with their respective obligations under this Agreement, Closing or Escrow Agent shall deliver, disburse (at the appropriate time) and, where appropriate, record all necessary documents, instruments and funds. The parties grant to Closing or Escrow Agent the right to execute and submit on behalf of Buyer and Seller, the affidavit of value, if applicable, or preliminary change of ownership report using the Total Purchase Price for the established value.

8.3 **Closing.** Seller shall give Buyer ten (10) business days verbal or written notice of the date (the "Closing Date") Seller selects for Closing this transaction as well as the location required by Seller for Closing. Upon Seller's providing to the Closing or Escrow Agent evidence of item a) and the Deed set forth in item d) below, Buyer will be obligated to fulfill items b) and c) below on or before the Closing Date and this transaction and any related escrow shall Close:

- a) substantial completion of the Home as evidenced by a temporary or final Certificate of Occupancy (or its local equivalent, if any) issued by the appropriate governmental official;
- b) all amounts due hereunder have been paid;
- c) all instruments or documents required in connection with the completion of this transaction have been executed and delivered by Buyer, including Buyer's proof of insurance; and
- d) the Bargain and Sale Deed with Covenant Against Grantor's Acts, subject to taxes not yet due, assessments, patent reservations, the Community Documents, covenants, conditions, restrictions, water rights, rights-of way, easements, matters shown on the recorded community plat, and other matters of record not adversely affecting marketability of the Property, from Seller is accepted by Closing or Escrow Agent for recording. Prior to Closing, Seller reserves the right to grant utility and related easements.

8.4 **Proration (at Closing).** Closing or Escrow Agent will prorate all real estate taxes, assessments and other charges against the Property as of the date of Closing. Such proration shall be based on the latest information available as of the date of Closing. Closing or Escrow Agent agrees to use the best available estimate to prorate such taxes, assessments and charges. Such estimate shall be final for Seller, Buyer, and Closing or Escrow Agent. After Closing, Buyer will be responsible for all such charges whether or not those charges were levied or assessed before or after Closing.

8.5 **Failure to Close.** In the event that Buyer does not close on the Closing Date for any reason whatsoever, Seller reserves the right, provided Seller is not in default of this Agreement, to declare Buyer in default and exercise its remedies as set forth in Section 10. If Buyer requests and Seller agrees to extend the Closing Date (including a delay caused by the late addition of any options past construction cut-off) (the "Extended Closing Date"), Buyer agrees to pay Seller <<Closing Delay Fee>> per day, up to and including the Extended Closing Date, as an extension fee, for each day Buyer extends beyond the original Closing Date. The total amount of this extension fee shall not exceed ten percent (10%) of the Total Purchase Price plus the costs of upgrades and options that have been installed. If Buyer fails to close on the Extended Closing Date, Buyer shall be deemed to be in default and Seller may declare Buyer in default and exercise its remedies as set forth in Section 10. Unless Seller requires earlier payment, any sums which Buyer is required to pay Seller as a result of such an extension shall be due to Seller at the Extended Closing Date, payable in certified funds. Nothing contained herein shall obviate Seller's obligation to complete the Home as set forth in Section 7.3 above.

## 9. **WARRANTY.**

9.1 **The Limited Warranty Buyer Receives with the Home.** Seller warrants the Home against defects in workmanship and materials in accordance with, and limited by, the limited warranty issued by a third party warranty company (the "Limited Warranty"), a copy of which has been provided to Buyer and which is issued in accordance with, and pursuant to the provisions of, the New Home Warranty and Builders' Registration Act (N.J.S.A. 46:3B-1 et seq.).

Seller also warrants the construction of the Home and the common facilities as follows:

- (i) Seller warrants that any outbuildings, driveways, walkways, patios, retaining walls and fences shall be free of defect due to material and workmanship for a period of one (1) year from the date of possession or settlement, whichever occurs first.
- (ii) Seller warrants that all drainage constructed by it is proper and adequate and all off site improvements are free from defects for a period of one (1) year from the date of construction.
- (iii) Seller warrants that all lots, parcels, units, and interest are fit for their intended use a residential dwelling.

- (iv) Seller warrants the construction of the common facilities for a period of two years from the date of completion of each of the common facilities.
- (v) Seller warrants that the common facilities are fit for their intended use.
- (vi) Seller will repair or correct any defect in construction, material, or workmanship in the common facilities within a reasonable time after notification of the defect.
- (vii) Seller warrants that any lot, parcel, unit, interest or common facility will substantially conform to the model described or plans used to induce Buyer to enter into this Agreement to purchase the home, unless noted otherwise in this Agreement. BUYER SHOULD NOTE THAT THE HOME, AS CONSTRUCTED, MAY VARY FROM THE PLANS AND/OR SPECIFICATIONS OF THE MODEL TYPE OR FROM THE SALES MODEL TO THE EXTENT THAT FIELD CONDITIONS, TOPOGRAPHY, AVAILABILITY OF MATERIALS, AND OTHER CIRCUMSTANCES BEYOND SELLER'S CONTROL MAY PREVENT THE HOME FROM CONFORMING TO SUCH PLANS, SPECIFICATIONS AND/OR SAMPLE OF THE MODEL TYPE.

**9.2 Manufacturer's Warranties – Disclaimer.** Buyer acknowledges that prior to Buyer's execution of this Agreement, a copy of the warranties for Consumer Products (defined below) in the Home were made available to Buyer for Buyer's review. At or after Closing, Seller will deliver to Buyer the actual warranties for the Consumer Products in the Home to the extent such warranties exist. The term "Consumer Products" means all appliances, pieces of equipment, or other items installed in the Home that are consumer products for purposes of the Magnuson-Moss Warranty Act (15 U.S.C. Section 2301, et. seq.). See the Limited Warranty for examples of Consumer Products. Consumer Products are excluded from coverage under the Limited Warranty. To the extent Seller has been issued a warranty from any manufacturer of Consumer Products installed in the Home, Seller hereby assigns to Buyer, to the extent assignable and without recourse to Seller, Seller's rights in such warranties, if any. The assignment shall be effective as of Closing. Any rights that inure to a homeowner under a manufacturer's warranty are the obligation of the manufacturer. Seller does not assume any obligation of the manufacturer resulting from a manufacturer's warranty. Seller disclaims any warranty of any kind, express or implied, relating to Consumer Products, including without limitation, any warranty of use, fitness of use, workmanship, or quality. Seller shall not be liable for any damage to a Consumer Product or for any damage caused by a Consumer Product installed at the Home. However, to the extent provided by law, Seller will be responsible for damage caused by its improper installation of a Consumer Product at the Home or other act by Seller only if the installation or other act caused such damage. Seller's disclaimer of warranties does not limit or otherwise affect the warranty of any manufacturer. If a Consumer Product malfunctions, or is otherwise defective, Buyer agrees to follow the procedures in the applicable manufacturer's warranty documents.

Buyer Initials	Buyer Initials

**9.3 Limitation of Liability.** SELLER LIMITS ITS OBLIGATIONS UNDER THE LIMITED WARRANTY TO REPAIR AND REPLACEMENT. THE LIMITED WARRANTY IS THE ONLY WARRANTY APPLICABLE TO THIS PURCHASE. THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF HABITABILITY, MERCHANTABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE, UNLESS REQUIRED BY LAW OR PROVIDED DIRECTLY TO BUYER BY THE MANUFACTURER. BUYER UNDERSTANDS AND AGREES THAT SELLER'S LIABILITY WHETHER IN CONTRACT, IN TORT, UNDER ANY WARRANTY, OR OTHERWISE, IS LIMITED TO THE REMEDY PROVIDED IN THE LIMITED WARRANTY. SELLER HEREBY DISCLAIMS AND BUYER WAIVES ANY WARRANTY EXCEPT AS SET FORTH IN THE LIMITED WARRANTY. THE FOREGOING LIMITATION OF LIABILITY IS SUBJECT TO SELLER'S REQUIREMENTS TO COMPLY WITH ANY MANDATORY WARRANTY PROVISIONS PROVIDED IN THE PLANNED REAL ESTATE DEVELOPMENT FULL DISCLOSURE ACT, N.J.S.A. 45:22A-21 ET SEQ., THE NEW HOME WARRANTY AND BUILDERS' REGISTRATION ACT, N.J.S.A. 46:3B-1 ET SEQ., AND ANY REGULATIONS PROMULGATED UNDER EITHER OF THE AFOREMENTIONED STATUTES.

**9.4 Buyer's Maintenance Responsibility.** Even though the Home is warranted against defects as set forth above, Buyer understands and acknowledges that SELLER DOES NOT MAINTAIN THE HOME AFTER

CLOSING. Buyer agrees that it is Buyer's sole responsibility to perform routine general maintenance and upkeep on the Home. Buyer's failure to maintain the Home will impact Buyer's rights and coverage under the Limited Warranty.

9.5 **Specific Disclaimers.** By signing this Agreement, Buyer agrees to purchase the Property subject to the following additional disclaimers and to release Seller, with respect to the following matters:

- a) the location of utility lines, utility improvements (such as, but not limited to, junction boxes, transformers or pedestals), and sewer taps, all of which may vary from published plans;
- b) air conditioner unit locations may vary from published plans and specifications or other marketing materials;
- c) walls or fencing may encroach slightly on either side of setback lines or actual lot lines;
- d) future improvements made by Buyer, including walls, fencing, grading, landscaping or excavation work on the Lot which could disrupt drainage and/or retention and cause flooding or ponding if not correctly engineered; Buyer hereby agrees to correctly engineer all such future improvements and obtain all necessary permits and prior approvals;
- e) the character and use of the property surrounding and in the vicinity of <<Community Name>> may change;
- f) Seller and Seller's affiliates are not responsible for and Seller's warranty does not extend to cracking of concrete or stucco that may result from improper maintenance or watering by Buyer or Buyer's neighbors;
- g) any view from the Property may change or be eliminated over time due to construction on the properties in the vicinity of the Property or growth in trees or other vegetation on or off the Property;
- h) Seller and Seller's affiliates are not responsible for and make no representations regarding the current or future health of any trees or other natural vegetation on or near the Property, except as set forth in the Limited Warranty.

9.6 **Subsequent Owners.** The Limited Warranty automatically transfers to the subsequent owner of the Home upon the transfer of title to the Home. However, the transfer of the Limited Warranty does not extend any warranty coverage period. Buyer agrees to provide a copy of the Limited Warranty to a subsequent owner of the Home who purchases the Home from Buyer.

9.7 **Subrogation.** Buyer understands that the Limited Warranty is not a liability or any other type of insurance policy, including a homeowner's insurance policy, which typically provides coverage for certain property damages and casualty losses. If Buyer receives from an insurance company or any other party payment or repairs relating to or arising from a construction defect or the Property, then to the fullest extent permitted by law, Buyer hereby waives for itself and on behalf of anyone acquiring rights through Buyer, including, but not limited to, any insurance company or other party, all subrogation and other claims against Seller for such payments or repairs received by Buyer.

## 10. **DEFAULT; REMEDIES.**

10.1 **Buyer's Default.** Buyer shall be in default under this Agreement upon the occurrence of any of the following:

- 10.1.1 If Buyer breaches Buyer's obligations as set forth in this Agreement;
- 10.1.2 If Buyer fails to make any payment promptly when due or fails to meet any deadline set forth in this Agreement or in any addenda; including any loan agreement, mortgage, Community Document or other document contemplated by this transaction; or
- 10.1.3 If Buyer notifies Seller in writing that Buyer does not wish to complete the purchase contemplated by this Agreement. If Buyer notifies Seller orally that Buyer does not wish to complete the purchase contemplated by this Agreement, then Seller may provide written notice of default to the Buyer. If the Buyer fails to respond in writing to this written notice within ten (10) business days of receipt and provide Seller with satisfactory assurances with respect to Buyer's ability to perform, then Buyer shall be deemed to be in default under this Agreement based upon its oral representations.

**10.2 Effect of Buyer's Default.** Notwithstanding any other rights provided to Seller in this Agreement, upon occurrence of a default by Buyer under this Agreement, Seller may, except as otherwise set forth herein, at its sole and absolute discretion, cancel or terminate this Agreement by delivering written notice to Buyer and thereupon,:

**10.2.1** Seller shall have no further obligation to Buyer under this Agreement and Seller shall be entitled to release the Property for sale to another party, it being expressly understood and agreed that Buyer shall have no further right, title, or interest in the Property; and

**10.2.2** Except for a termination pursuant to Sections 4.1.5, 7.10 or 10.4, in which case the Deposit(s) shall be handled in accordance with that Section, Seller shall be entitled to retain all Deposit(s) made by Buyer, up to ten percent (10%) of the Purchase Price, to the extent of Seller's actual damages incurred due to Buyer's default as liquidated damages to Seller for the breach of the Agreement by Buyer. The amount of liquidated damages is intended as a reasonable estimate of Seller's actual damages, and not as a penalty, resulting from a breach by Buyer due to the difficulty and uncertainty in ascertaining, as of the date Buyer signs this Agreement, the actual damages Seller may suffer from such a breach, which damages will include the cost of administering this Agreement and the cost to take the Property off the market while this Agreement remains in effect. In each instance where this Agreement permits Seller to retain Buyer's Deposit(s) as liquidated damages, Buyer shall be deemed to have waived all challenges to the enforceability of said liquidated damages provision. This waiver shall include, without limitation, any contention that the liquidated damages provision constitutes an unenforceable penalty, or that the liquidated damages do not bear a reasonable relationship to Seller's actual damages.

Buyer agrees that Seller does not waive any right because Seller delayed or failed to enforce that right.

**10.3 Cancellation upon Death.** Notwithstanding anything contained herein to the contrary, Seller may consider refunds of Deposit(s) received in the case of death of a Buyer, or Buyer's spouse residing with Buyer.

**10.4 Seller's Default; Effect of Seller's Default.** Except as provided below, Seller will not be liable for special, indirect or consequential damages, including, without limitation, any damages based on a claimed decrease in the value of the Home, even if Seller has been advised of the possibility of such damages. Buyer's sole remedies, in contract, tort and in accordance with any applicable statute, are to terminate this Agreement and receive a return of the Deposit(s) paid by Buyer, without interest earned thereon, and reimbursement for the actual cost of title search and survey, if any. As set forth above, any assertion of alleged defaults after Closing is governed by, among other provisions, Sections 9.2, 9.3 and 11. Notwithstanding any provision to the contrary in this Agreement, if Seller's default is based upon the failure of Seller to complete the Home within the time period provided in Section 7.3 Completion of the Home, then Buyer shall have available all remedies at law or in equity, without limitation, as a result of such failure. Further, notwithstanding any provision to the contrary in this Agreement, if Seller is unable to convey title to the Home which is good and marketable or such as will be insured by a reputable title insurance company authorized to do business in the State of New Jersey at regular rates, Buyer shall have the option of taking such title as Seller can convey or Buyer may terminate this Agreement. If Seller does not construct, complete or convey the Home to Buyer within one-hundred eighty (180) calendar days of the estimated date of closing ("Estimated Closing Date") referred to in the Important Dates Acknowledgment and the Summary of Basic Provisions due to any reason beyond the control of Seller, Buyer may elect to terminate this Agreement by delivering written notice of cancellation to Seller within fifteen (15) calendar days after the date that is one-hundred eighty (180) calendar days after the Estimated Closing Date, and thereafter Seller shall refund the Deposit, without interest earned thereon, to Buyer, together with actual costs of title search, mortgage related expenses and survey (such costs not to exceed \$500.00), if any, and this Agreement shall be null and void and Seller shall have no further liability whatsoever to Buyer.

**11. ARBITRATION.** Buyer, on behalf of Buyer and all permanent residents of the Home, including minor children, hereby agree that any and all disputes with Seller, Seller's parent company or their subsidiaries or affiliates, whether statutory, contractual or otherwise, including but not limited to personal injuries and/or illness ("Claims") shall be resolved by binding arbitration in accordance with the Home Construction Arbitration Rules and Mediation Procedures, or the Construction Arbitration Rules and Mediation Procedures, as applicable of the American Arbitration Association ("AAA"), having an address at 220

Davidson Avenue, 1<sup>st</sup> Floor, Somerset, New Jersey 08873, or its successor. Information about AAA, including its rules and procedures, can be found at [www.adr.org](http://www.adr.org). If AAA, or its successor is unable to arbitrate a particular Claim, then that Claim shall be resolved by binding arbitration pursuant to the rules and procedures of an equivalent organization as mutually agreed by Seller and Buyer. In addition, Buyer may not initiate any arbitration proceeding for any Claim(s) unless and until Buyer has first given Seller specific written notice of each Claim at 222 Mt. Airy Road, Basking Ridge, NJ 07920, complied with all applicable Limited Warranty procedures and given Seller a reasonable opportunity after such notice to cure any default, including the repair of the Home, in accordance with the Limited Warranty. All fees charged by AAA, or its successor, shall be paid in accordance with the fee schedule of the Home Construction Arbitration Rules and Mediation Procedures, as applicable. All fees charged by any other equivalent organization as mutually agreed by Seller and Buyer shall be paid in accordance with the rules and procedures of the equivalent organization. Arbitration awards may be enforced in any court of competent jurisdiction. The provisions of this paragraph shall be governed by the provisions of the Federal Arbitration Act, 9 U.S.C. §1, et seq. and shall survive settlement.

EXCEPT AS MAY OTHERWISE BE PROVIDED IN AAA'S CONSUMER DUE PROCESS PROTOCOL THAT ALLOWS CONSUMERS TO FILE CERTAIN CLAIMS IN SMALL CLAIMS COURT, BUYER UNDERSTANDS THAT BY INITIALING THIS ARBITRATION PARAGRAPH, BUYER IS GIVING UP BUYER'S RIGHT TO A TRIAL IN COURT, EITHER WITH OR WITHOUT A JURY. BUYER WAIVES THE RIGHT TO INSTITUTE OR PARTICIPATE IN A CLASS ACTION ARBITRATION FOR ANY MATTER COVERED BY THIS PROVISION.

If all or a portion of a dispute between Buyer and Seller is covered by a written warranty agreement issued pursuant to the New Home Warranty and Builder's Registration Act, N.J.S.A. 46:3B-1 et seq. and the regulations promulgated thereunder, the dispute or applicable portion will be resolved as provided in the warranty agreement. Any portion of the dispute not covered by the warranty agreement will be resolved by binding arbitration as provided above.

Buyer Initials	Buyer Initials

## 12. GENERAL PROVISIONS.

- 12.1 Architectural and Design Standards; Future Improvements.** If the Property is subject to Community Documents, as described above, Buyer acknowledges that any alterations to the Property must be completed in accordance with Design Guidelines and the approval of the applicable Community Association board or committee. After Buyer has purchased the Property, any improvements Buyer makes to the Property, including alterations of existing improvements or vegetation on the Lot, and any alterations Buyer makes to the Home that are visible from the outside (including repainting the exterior) or to the landscaping must be done in accordance with the Design Guidelines, if any, and will require the prior approval of the appropriate committee of the community association. The guidelines and standards for the architecture, design, development, and appearance of homes and lots within <<Community Name>>, and any modifications or repairs to homes and lots, are set forth in the Design Guidelines and the Community Documents. These documents also specify the procedures and rules for obtaining approval from the community association, or its applicable committees, for any improvements or modifications planned by Buyer.
- 12.2 Fence Placement.** If applicable, Buyer understands that any maps, condominium plans, plat plans, or individual site plans may not necessarily represent the true location of the fencing on Buyer's Lot. Buyer acknowledges that unless otherwise set forth on the JIO or Change Order, the fencing shall be in the "as built" location, even if such location is not as shown on any such maps, plat plans or site maps.
- 12.3 Adjacent Land Use.** Any statements made by Seller's employees, agents or representatives concerning the land use or condition of land near the Lot or community and any zoning use information provided by Seller's employees, agents or representatives are based solely on the limited information known to such person at the time of such action. Seller recommends that Buyer investigate the nearby land prior to the execution of this Agreement to determine if the information, if any, provided by a Seller employee, agent or representative is the most recent and complete information available. Buyer also acknowledges that the use and condition of land can change. Buyer represents that prior to the execution of this Agreement, Buyer has

investigated the use and condition of such nearby land with the appropriate owners of such land and applicable governmental authorities or Buyer has elected, on Buyer's own accord and determination, to forego such investigation. Buyer shall not rely on any statements made by a Seller employee, agent or representative or any zoning or use information provided to Buyer by a Seller employee, agent or representative.

- 12.4 **Binding Agreement; Assignment.** This Agreement is binding upon the heirs, executors, administrators and successors of the respective parties. This Agreement is not assignable by Buyer without the written consent of Seller. Any purported assignment without Seller's written consent shall be of no force or effect and shall constitute a default pursuant to which Seller may exercise its remedies as set forth in Section 10.
- 12.5 **Joint and Several Liability - Individual Authorization to Sign.** If this Agreement is executed by more than one person as Buyer, each person signing as Buyer shall be jointly and severally liable hereunder and Seller shall have the right to rely on the signature of any person signing as Buyer as authority to bind the other party with respect to all matters related to this transaction or this Agreement.
- 12.6 **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of the Agreement, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be deemed added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.
- 12.7 **Time; Amendments.** Time is of the essence for every provision of this Agreement, including Buyer's attendance at Closing on the Closing Date, payment of the Total Purchase Price and Closing Costs, and other dates in this Agreement. No waiver of any provision of this Agreement shall be effective unless in writing signed by the party against whom enforcement of the waiver is sought. The waiver of any breach of any provision of the Agreement shall not constitute a waiver of said provision or a waiver of a future breach of that or any other provision. The Agreement may only be modified by a written instrument executed by Buyer and an authorized agent of Seller. Buyer hereby acknowledges that no Salesperson, broker, agent, subcontractor or employee of Seller, except for the Vice President of Sales, Closing Coordinator or Escrow Manager, has any authority to modify the terms of this Agreement and that no person has the authority to make any oral representation upon which Buyer may rely to purchase, cancel, change or modify any portion of this Agreement. This Agreement has been executed in the State of New Jersey and the laws of the State of New Jersey shall govern. Singular phrases as used herein shall be deemed to include the plural, and the masculine gender shall be deemed to include the feminine and neuter and vice versa, whenever the context so requires.
- 12.8 **Notices.** Except as otherwise set forth in this Agreement, all notices must be in writing and shall be given (a) via hand delivery/courier service or (b) by mail (registered, certified, express first class mail or overnight with postage pre-paid), addressed to Buyer or Seller at the address designated by Buyer or Seller for that purpose or, if none is designated, at Buyer's last known address and Seller's address set forth on this Agreement. Notices given pursuant to this Agreement shall be deemed to be given when dispatched, or, if mailed, when deposited in a post office or official depository under the exclusive care and custody of the United States postal service. Notices given by express carrier shall be deemed "dispatched" on the day and at the time the express carrier guarantees delivery of the notice. Notice to one Buyer shall constitute notice to all Buyers.
- 12.9 **Addenda Incorporated into this Agreement.** Buyer and Seller acknowledge that the documents listed on Exhibit "A" to this Agreement are incorporated into this Agreement as if fully set forth herein. Buyer hereby acknowledges receipt of the addenda listed on Exhibit "A".
- 12.10 **Independent Contractors.** Buyer understands and acknowledges that Seller may refer Buyer to vendors or companies who provide real estate or other services designed to assist Buyer in purchasing or moving into the Home. These companies are independent contractors only and are not affiliated with Seller or an Seller's affiliates. Any warranties or representations for such services are warranties and representations given by the independent contractors only and not by Seller or any of Seller's affiliates. Buyer understands



and acknowledges that Seller is not responsible for the quality of these services, nor is it responsible for the potential impact of those services on the purchase process.

- 12.11 Agency.** Seller's Salespersons at the Community solely represent Seller. Seller does not utilize sub-agents; therefore, if Buyer was shown the Home by a real estate agent other than one of Seller's Salespersons, that agent is Buyer's agent who solely represents Buyer. If Buyer has engaged any real estate agent, broker or other party to represent Buyer in this transaction that is not actively registered in accordance with the Seller's Broker Participation Program, Buyer will be solely responsible for paying the fee or other compensation such party may claim to be owed.
- 12.12 No Investment Representation.** None of Seller's employees, agents or representatives is authorized to make any representations regarding economic benefits to be derived from this transaction. Buyer is advised that economic benefits to be derived from this transaction may vary with individual circumstances, and Buyer is required to rely upon Buyer's own attorney, accountant, or other counsel if guidance in such matters is desired.
- 12.13 Buyer's Performance.** Buyer acknowledges that Seller has agreed to the Total Purchase Price for the Property and otherwise entered into this Agreement with the express understanding that Seller will utilize Seller's standard construction and contract administration processes and procedures in constructing the Home and otherwise performing this Agreement, without disruption of or interference with those procedures from Buyer. Buyer agrees to: (i) make choices or take other actions required of Buyer under this Agreement within the indicated time frames; (ii) deal with the particular people whom Seller has designated as its representative to perform certain aspects of this Agreement, such as the designated field manager, Salesperson, closing administrator or other representatives of Seller designated for particular parts of Seller's contract performance; (iii) refrain from engaging in harassing, abusive, foul, threatening, offensive or otherwise inappropriate behavior towards Seller's personnel or contractors; (iv) refrain from interfering with or attempting to direct or supervise the performance of Seller, or Seller's contractors or material suppliers in the performance of this Agreement or any aspect of their work; (v) acknowledge Buyer's acceptance or approval of work which complies with the plans and specifications and is otherwise in compliance with the written standards and tolerances set forth in the Limited Warranty; and (vi) refrain from taking any other action that impedes, obstructs or interferes with the performance of Seller's obligations under this Agreement.
- 12.14 Entire Agreement.** This Agreement, together with the Registration Application on file with the New Jersey Department of Community Affairs, constitutes the entire agreement and understanding between Buyer and Seller and neither Buyer nor Seller will be bound by any understanding, statement, agreement, promise or representation, express or implied, written or oral, which is not specifically set forth in this Agreement. Buyer represents to Seller that Buyer has listed below any understanding, statement, agreement, promise or representation by Seller or Seller's employees, agents or representatives that is not specifically stated in this Agreement, and upon which Buyer is relying in purchasing the Property.

There are no additional understandings, promises or representations that are not set forth in this Agreement.

Buyer Initials	Buyer Initials

The following additional understandings, promises or representations should be set forth in this Agreement:

Buyer Initials	Buyer Initials

- 12.15 Megan's Law Statement.** Under New Jersey law, the county prosecutor determines whether and how to provide notice of the presence of convicted sex offenders in an area. In their professional capacity, real estate licensees are not entitled to notification by the county prosecutor under Megan's Law and are unable to obtain such information for Buyer. Upon closing, the county prosecutor may be contacted for such further information as may be disclosable to Buyer.

**12.16 Airport Safety Zone.** Seller represents that the Home is not located within an "airport safety zone" defined by the New Jersey Air Safety and Zoning Act of 1983 (N.J.S.A. 6:1-80 et seq.).

**12.17 Notification Regarding Off Site Conditions.** Pursuant to the "New Residential Construction Off Site Conditions Disclosure Act," P.L. 1995, c. 253 (C. 46:3C-1 et seq.), sellers of newly constructed residential real estate are required to notify purchasers of the availability of lists disclosing the existence and location of off site conditions which may affect the value of the residential real estate being sold. The lists are to be made available by the municipal clerk of the municipality within which the residential real estate is located and in other municipalities which are within one half mile of the residential real estate. The address(es) and telephone number(s) of the municipalities relevant to this project and the appropriate municipal offices where the lists are made available are listed below. Buyer is encouraged to exercise all due diligence in order to obtain any additional or more recent information that Buyer believes may be relevant to Buyer's decision to purchase the residential real estate. Buyer is also encouraged to undertake an independent examination of the general area within which the residential real estate is located in order to become familiar with any and all conditions which may affect the value of the residential real estate.

Buyer has five (5) business days from the date this Agreement is executed by Buyer and Seller to send notice of cancellation of this Agreement to the Seller. The notice of cancellation shall be sent by certified mail. The cancellation will be effective upon the notice of cancellation being mailed. If Buyer does not send a notice of cancellation to the Seller in the time or manner described above, Buyer will lose the right to cancel this Agreement as provided in this notice.

The right to cancel the Agreement pursuant to this Section is in addition to and not in lieu of the rights established by The Planned Real Estate Development Full Disclosure Act (N.J.S.A. 45:22A-21 et seq.) and its regulations.

MUNICIPALITY:	Town of Morristown
ADDRESS:	200 South Street, Morristown, NJ 07963
TELEPHONE NO.:	973-292-6600
MUNICIPALITY:	Morris Township
ADDRESS:	50 Woodland Avenue, Morris, NJ 07961
TELEPHONE NO.:	973-326-7430

**12.18 Attorney Review.**

(a) Study by Attorney:

You may choose to have an attorney study this Agreement. If an attorney is consulted, the attorney must complete his or her review of this Agreement within a three (3) day period. This Agreement will be legally binding at the end of this three (3) day period unless your attorney reviews and disapproves of this Agreement.

(b) Counting the Time:

You count the three (3) days from the date of delivery of this signed Agreement to both parties. You do not count Saturdays, Sundays or legal holidays. The parties may agree in writing to extend the three (3) day period for attorney review.

(c) Notice of Disapproval:

If your attorney reviews and disapproves of this Agreement, the attorney must notify us in writing within the three (3) day period. Otherwise, this Agreement will be legally binding as written. The attorney must send notice of disapproval to us by certified mail, by telegram or by delivering it personally. The telegram or certified letter will be effective upon sending. The personal delivery will be effective upon delivery.

(d) Other Rights of Cancellation.

The provisions of subparagraphs (a), (b) and (c) above are required by law due to the fact that this Agreement is being completed by a real estate broker. These provisions do not modify or lessen any other right



## Morristown Square, a Condominium

### Exhibit A

#### Addenda Incorporated Into this Agreement

Buyer and Seller acknowledge that the documents listed below are incorporated into and made a part of the Agreement dated <<Sales Agreement Create Date>>.

Check the appropriate box of the following addenda that apply.

<input type="checkbox"/>	Acknowledgement of No Solicitation
<input type="checkbox"/>	Affiliated Business Arrangement Disclosure Statement (Title)
<input type="checkbox"/>	Affiliated Business Arrangement Disclosure Statement (Mortgage)
<input type="checkbox"/>	Building Inspection
<input type="checkbox"/>	Buyer's Broker Notice and Certification
<input type="checkbox"/>	Community Documents (See Below)
<input type="checkbox"/>	Completed Home Addendum
<input type="checkbox"/>	Condominium Addendum
<input type="checkbox"/>	Contingent Sale
<input type="checkbox"/>	FHA Addendum
<input type="checkbox"/>	Financing Addendum
<input type="checkbox"/>	Floor Plan, Elevation and Features List for Model/Plan/Lot Described Above
<input type="checkbox"/>	Homeowners Insurance Disclosure Statement
<input type="checkbox"/>	Limited Warranty Booklet
<input type="checkbox"/>	Important Dates Acknowledgment
<input type="checkbox"/>	Inventory Home Addendum
<input type="checkbox"/>	IRS 1031 Exchange
<input type="checkbox"/>	Job Initiation Order or Change Order No. _____
<input type="checkbox"/>	Model Home Addendum
<input type="checkbox"/>	Preferred Buyer Rewards Program
<input type="checkbox"/>	Public Report Receipt
<input type="checkbox"/>	Radon Testing
<input type="checkbox"/>	Request for Verification of Funds
<input type="checkbox"/>	VA Addendum

The following **Community Documents**

<input checked="" type="checkbox"/>	Apply	<input type="checkbox"/>	Do Not Apply
<input checked="" type="checkbox"/>	Public Offering Statement		
<input checked="" type="checkbox"/>	Articles of Incorporation of Community Association		
<input checked="" type="checkbox"/>	Bylaws of Community Association		
<input checked="" type="checkbox"/>	Master Deed for <<Community Name>>		

Buyer hereby acknowledges that Buyer has received each of the addenda and disclosure documents indicated above.

**BUYER:**

**SUBMITTED BY:**

\_\_\_\_\_  
Buyer Signature                      Date

\_\_\_\_\_  
<<Sales Associate>>, Salesperson

\_\_\_\_\_  
Buyer Signature                      Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer Signature                      Date

**ACCEPTED BY SELLER:**

\_\_\_\_\_  
Buyer Signature                      Date

The terms, conditions and provisions of  
this Agreement are hereby accepted on  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

<<Seller Name>>

By: \_\_\_\_\_  
Its: Authorized Agent

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>

---

**Morristown Square, a Condominium**

**ACKNOWLEDGEMENT OF NO SOLICITATION**

The undersigned hereby acknowledges that Seller has advised Buyer that homes in Morristown Square, a Condominium may not be currently approved for sale for residents of some states who visit the community in response to advertisements and other communications delivered within their particular home state, depending on that state's laws.

This letter will confirm that the undersigned Buyer(s) did not visit Morristown Square, a Condominium in response to Seller's written, verbal or other communication delivered within Buyer's home state.

<<Signatures - Customers without Sales Associate>>

**AFFILIATED BUSINESS DISCLOSURE STATEMENT  
FOR MORTGAGE COMPANY SERVICES**

To Buyer(s): \_\_\_\_\_

Property/Community: Morristown Square, a Condominium

From: Pulte Homes of NJ, Limited Partnership

Lot: \_\_\_\_\_ Block: \_\_\_\_\_

Date: \_\_\_\_\_

This is to give you notice that Pulte Homes of NJ, Limited Partnership has a business relationship with **Pulte Mortgage LLC**, a Delaware limited liability company. Pulte Home Corporation, through its wholly owned subsidiaries, owns Pulte Homes of NJ, Limited Partnership and is the sole member of Pulte Mortgage LLC. Because of this relationship, this referral may provide Pulte Homes of NJ, Limited Partnership a financial or other benefit.

<b>PULTE MORTGAGE LLC</b>	
Set forth below is the estimated charge or range of charges by Pulte Mortgage LLC for the following settlement services:	
Application Fee	\$ 800.00
Commitment Fee	\$ 0.00
Credit Report Fee	\$ 64.00
Overnight Courier Fee	\$ 25.00
Appraisal Fee	\$ 400.00 - \$600.00
Tax Service Fee	\$ 58.00
Final Inspection Fee	\$ 75.00 - \$125.00
Flood Certification Fee	\$ 15.00
Origination Fee	\$ 0.00
Underwriting Fee	\$ 0.00
Lender Documentation Fee	\$ 0.00
Discount Points	0% - 6%

You are NOT required to use Pulte Mortgage LLC as a condition for the purchase of the Property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

**ACKNOWLEDGMENT**

I/We have read this disclosure form, and understand that Pulte Homes of NJ, Limited Partnership is referring me/us to purchase the above-described settlement services from **Pulte Mortgage LLC** and may receive a financial or other benefit as the result of this referral.

BUYER:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Date: \_\_\_\_\_



**AFFILIATED BUSINESS ARRANGEMENT  
DISCLOSURE STATEMENT FOR TITLE COMPANY SERVICES**

To: Buyer(s):

Property:

Community: Morristown Square, a Condominium

Lot:                      Block:

From: Pulte Homes of NJ, Limited Partnership

Date:

This is to give you notice that Seller has a business relationship with PGP Title of Florida, Inc. d/b/a PGP Title. Because of this relationship, this referral may provide Seller a financial or other benefit.

**Title Charges**

Set forth below are the estimates, charges or range of charges for the following title company settlement services:

Examination Fee \$100.00

Settlement Fee    \$300.00

Title Endorsements \$100.00

Miscellaneous\* \$550.00 (estimated)

Title Insurance Fee \$ \_\_\_\_\_

\*Includes Tax and Municipal Improvement Searches, Closing Service Letter, Notary, Overnight Fees and Recording Fees.

Title Insurance Rates in New Jersey are regulated by the New Jersey Department of Insurance. The above fee quote is based on rates filed with the New Jersey Department of Insurance and nearly all companies must quote the same rate.

You are NOT required to use PGP Title of Florida, Inc. d/b/a PGP Title. as a condition for the purchase of the Property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.



Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

## Morristown Square, a Condominium

### Building Inspection

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> (the "Agreement") between the Buyer and Seller for the purchase of the Property described above. Capitalized terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein and the Agreement, this Addendum shall prevail.

#### INSPECTION OF THE HOME

Buyer may, at Buyer's expense, hire an independent building inspector ("Buyer's Inspector") to examine the Property immediately prior to the Pre-Closing Orientation. Seller agrees to permit Buyer's Inspector to enter the Property prior to Closing provided that:

1. Any inspection must take place under the supervision of Seller's Project Manager or the Manager's designee.
2. Buyer's Inspector must complete any desired inspections on the date scheduled so as not to delay Seller's construction schedule. Seller is not obligated to permit inspections before or after the time set.
3. Buyer's Inspector must be licensed to conduct residential property inspections in Morris County, New Jersey.
4. Buyer's Inspector must provide to Seller a copy of the Inspector's business license and a certificate of insurance demonstrating that Buyer's Inspector has a current general liability policy in a sum not less than \$250,000.00 at least three (3) days prior to any scheduled inspection. Any matters identified and discussed at the Pre-Closing Orientation will not be matters to which Buyer's Inspector may take exception or identify as problems.
5. Buyer must provide Seller a copy of the Inspector's report on the day following the date of any inspection.

If Buyer believes any items identified in the Inspector's report are items to be completed by Seller, Buyer shall notify Seller of each such item in writing. Seller agrees to repair all items which should be corrected in order to substantially conform to the plans and specifications for the Home or which Seller would be required to correct under the Limited Warranty Plan.

BUYER(S):  
<<Customer List>>

SUBMITTED BY:

<<Signatures - Customers and Sales Associate>>

Buyer: <<Primary Customer Last Name>>  
 Lot: <<Lot/Block Full Number>>  
 Address: <<Lot Address>>

**Morristown Square, a Condominium**  
**Buyer's Broker Notice and Certification**

<Current Date>

<<Co-Broker First Name>> <<Co-Broker Last Name>>  
 <<Co-Broker Company City State Zip>>

Ladies and Gentlemen:

It is a pleasure to inform you that your client, <<Customers>>, whom you registered at Morristown Square, a Condominium on \_\_\_\_\_, signed a contract to purchase a home in Morristown Square, a Condominium. If, and only if, your client fully consummates the closing and funding of the home purchase, Pulte Homes of NJ, Limited Partnership agrees to pay a real estate commission of <<Outside Broker Commission>> of the Base Price or Total Purchase Price, as adjusted, whichever is less, for services rendered as Buyer's Broker on this transaction.

At Closing, this commission shall be paid to:

<<Co-Broker First Name>> <<Co-Broker Last Name>>	<<Co-Broker Work Phone>> (Office)
<<Co-Broker Company>> <<Co-Broker Address>> <<Co-Broker Company City State Zip>>	<<Co-Broker Mobile Phone>> (Mobile)
Tax ID Number:	e-mail:

This information will be used to issue Form 1099 at the end of the tax year. Please verify that the information set forth above is correct. Please call <<Sales Associate>> at Morristown Square, a Condominium to modify this information as necessary. **Please Note:** No commissions will be earned or paid if Closing does not occur for any reason. Please also note that only the Buyer can schedule appointments for the purpose of selecting Options, any Change Orders desired, the pre-drywall orientation, Pre-Closing Orientation and the Closing, unless prior arrangements are made.

**CERTIFICATION OF BUYER'S BROKER.** In order for us to complete our records and provide accurate disclosure to Buyer's lender, please complete following section, sign it and return it to <<Sales Associate>> at Morristown Square, a Condominium within ten (10) business days from the date of this letter. **Please note that unless we receive this completed and signed certification within ten (10) business days from the date of this letter, you will not be entitled to receive any commission related to this home purchase.** Any delay in returning this letter may also affect Buyer's financing and delay Buyer's Closing, which may subject Buyer to additional fees or being declared in default under the Home Purchase Agreement with Seller.

By completing the certification and signing below, Buyer's Broker certifies that he/she/it is the Buyer's real estate agent or broker (the "Buyer's Broker") and that (check one):

Neither Buyer's Broker nor any other party employed by or associated with Buyer's Broker has or will provide Buyer with any item of value other than traditional real estate agent services at any time before or after the Closing.

OR

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

- Buyer's Broker or another party employed by or associated with Buyer's Broker has provided or intends to provide Buyer with the following additional item(s) of value in connection with this transaction (check all that apply):
  - "Split," share or rebate of commission to Buyer at Closing in the amount of \_\_\_\_\_ and Buyer \_\_\_ is or \_\_\_ is not a licensed real estate broker.
  - Share of commission to be rebated to Buyer after the Closing in the amount of \_\_\_\_\_ and Buyer \_\_\_ is or \_\_\_ is not a licensed real estate broker.
  - Gift, giveaway or gift card for Buyer in the amount of \_\_\_\_\_ (if in excess of \$250).
  - Discount on commission to sell Buyer's existing home by \_\_\_\_\_ percent/amount.
  - Services outside of traditional buyer's broker services, such as \_\_\_\_\_.
  - "Buy out" of the customer's existing home (please attach details).
  - "Buy out" of the customer's remaining lease payments on a rental home or apartment.

**Thank you for your cooperation.** We look forward to working with you toward the closing of Buyer's home purchase.

\_\_\_\_\_  
<<Sales Associate>> \_\_\_\_\_ Date

ACCEPTED SELLER

Buyer's Broker certifies the information provided in this letter is accurate and agrees to provide updated or detailed information upon request. Buyer's Broker understands that this information will be provided to Buyer's lender and appraiser for purposes of Buyer's financing arrangements.

BUYER'S BROKER:

<<Co-Broker First Name>> <<Co-Broker Last Name>>  
<<Co-Broker Company>>

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

Buyer: <<Primary Customer Last Name>>

Lot: <<Lot/Block Full Number>>

Address: <<Lot Address>>

## Morristown Square, a Condominium

### Completed Home Addendum

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>>, (the "Agreement") between the Buyer and Seller for the Property described above. Capitalized terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein and the Agreement, this Addendum shall prevail.

**Financing the Purchase of the Property.** The Loan Approval Deadline set forth in Section 4.1 is <<Quick Close Loan Approval Deadline>> calendar days after the date of Buyer's execution of the Agreement.

**Buyer Option Selections.** Buyer understands that Buyer is purchasing a home that is already substantially complete. Buyer agrees that Buyer will have limited or no ability to select options and/or upgrades to the Property. The Total Purchase Price reflects those options and/or upgrades already installed (or planned to be installed) in the Home. To the extent Seller affords Buyer an opportunity to request options and/or upgrades, Buyer agrees that Buyer's requests will be made in a timely manner not to exceed <<Quick Close Option Selections Due Date>> after the date Buyer signs this Agreement. Buyer acknowledges that Buyer is responsible to schedule all necessary appointments with Buyer's Sales Consultant and design consultants to make Buyer's requests. To the extent Buyer's requests for options and/or upgrades differ from those planned by Seller as of the date Buyer signs this Agreement, Seller agrees to use commercially reasonable efforts to comply with Buyer's requests.

**Closing Date.** Buyer and Seller agree that the Closing shall occur on or before \_\_\_\_\_.

Except as modified in this Addendum, all remaining provisions of the Agreement and Addenda remain unchanged and in full force and effect.

BUYER(S):  
<<Customer List>>

SUBMITTED BY:

<<Signatures - Customers and Sales Associate>>

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

## Morristown Square, a Condominium

### Condominium Addendum

Buyer: <<Customers>>

Lot/Block: <<Lot/Block Full Number>>

Lot Address: <<Lot Address>>

<<Lot City State Zip>>

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> between the Buyer and Seller for the Property described above. Capitalized terms set forth in this Addendum shall have the same meaning as defined in the Purchase Agreement, except as set forth below. In the event there is a conflict between the terms set forth herein and the Agreement, this Addendum shall prevail.

1. **Purchase of Condominium Unit.** Buyer acknowledges and agrees that Buyer is purchasing a unit within a condominium community and, therefore, all references to a "house" and "lot" or "property" are deleted in their entirety and the words "unit" and "condominium" are substituted therefor as applicable. Wherever the word "Home" appears in the Agreement, Buyer agrees that the word "Unit" shall be substituted therefor.
2. **Buyer's Selections.** Buyer agrees that Buyer's selections for colors, upgrades and similar items may not include a choice of exterior color for the building in which Buyer's Unit is located or any improvements that would be installed outside Buyer's Unit (e.g., fences, landscaping, drainage facilities), and all references to any such items are deleted from the Agreement.
3. **Building Orientation.** Buyer acknowledges and agrees that the orientation for the buildings in which the condominium units are located has been predetermined by the recorded plat of the subdivision and therefore no changes in floor plans or garage locations will be applicable to the Unit.
4. **Reselection of Homesite.** Buyer acknowledges and agrees that the section in the Agreement entitled "Reselection of Homesite" is not applicable to Buyer's purchase of the Unit.
5. **Entry on Property.** Buyer acknowledges and agrees that the section in the Agreement entitled "Visits To The Construction Site and Assumption Of Liability And Risk" applies to the Unit and the building in which the Unit is located and any portion of the condominium under construction at the time of the visit.
6. **Common Elements; Developmental Rights; Alterations; Other Matters.**

Buyer acknowledges and agrees as follows:

- a) Except for the units, the boundaries of which are described in the Condominium Master Deed for <<Community Name>> Condominium (the "Condominium Master Deed"), all other portions of the condominium property are "Common Elements" or "Limited Common Elements" which are governed and maintained in accordance with the Condominium Master Deed. Wherever the Agreement sets forth provisions for Buyer's use, modification, alteration, installation or construction of improvements outside the Unit, such provisions are hereby deleted or modified to be consistent with the provisions for the use and maintenance of Common Elements and Limited Common Elements set forth in the Condominium Master Deed.
- b) Seller has reserved the right to exercise, as Declarant under the Condominium Master Deed, all Developmental Rights and Special Declarant Rights reserved by Seller as Declarant under the Condominium Master Deed and as may be available to Seller under applicable law.
- c) The concrete floors of units may have joints and are subject to cracking due to settling, expansion and contraction, and when ceramic tile is installed over any such crack or joint, the tile or tile joints may

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

crack, and Buyer understands and agrees that the same is, therefore, a maintenance item and Buyer's responsibility.

- d) There may be minor variations in the location of the walls of the Unit.
- e) Any gated entry within <<Community Name>> will attempt to restrict only vehicular access to the condominium property and there are no assurances of the effectiveness of such gate or that pedestrian access to the condominium property can be controlled.
- f) In communities where units are located in multi-story buildings, Buyers of units above the first floor (i.e., units located on the second, third or any story above the first) may be restricted in the choice of floor coverings for the unit. Buyer acknowledges and agrees in order to limit acoustical transmissions to a lower unit that the use of hardwood, tile or other hard surface floor coverings may be restricted. Floor covering restrictions shall be set forth in the Community Documents and will apply to all subsequent owners.
- g) If Buyer desires to make any structural additions, alterations or improvements within the Unit, Buyer must first obtain all necessary approvals, permits and licenses required for such work from all applicable homeowners' associations and other entities from which approval must be obtained and all municipal, governmental or quasi-governmental agencies having jurisdiction over the Unit. Any such work conducted within the Unit by Buyer will void and terminate the limited warranty provided to Buyer as described in this Agreement as to any part of the Unit affected, directly or indirectly, by such work. In addition, Buyer will, to the extent permitted by law, be responsible for any damage to other units and the Common Elements that results from any such additions, alterations or improvements.

BUYER:

SUBMITTED BY:

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
<<Sales Associate>>

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Date

ACCEPTED BY SELLER:

The terms, conditions and provisions of this Agreement are hereby accepted on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Authorized Agent



Buyer: <<Customers>>  
 Lot: <<Lot/Block Full Number>>  
 Lot Address: <<Lot Address>>

## Morristown Square, a Condominium

### CONTINGENCY ADDENDUM Sale/Closing of Real Property

Unless satisfied or waived prior thereto, this contingency shall expire on \_\_\_\_\_  
 (the "Contingency Expiration Date").

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>>, (the "Agreement") between the Buyer and Seller for the Property described above. Terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein and the Agreement, this Addendum shall prevail. Buyer and Seller hereby agree (check one):

**I. Contingency – Sale of Existing Property.** Buyer's purchase of the Property is contingent upon sale of other real property owned by Buyer (the "Contingent Property"). The Contingent Property is located at: <<Customer Address>>, <<Customer City State Zip>>. Buyer agrees as follows:

- a) Buyer will use Buyer's best efforts to sell the Contingent Property on commercially reasonable terms. Buyer will not take any action (or fail to act) the consequence of which might adversely affect the sale of the Contingent Property. In the event Buyer fails to comply with the terms of this Addendum, Seller may terminate the Agreement and retain the Deposit as set forth in the Agreement.
- b) Within <<Listing Deadline>> business days of Buyer's execution of this Addendum (the "Listing Deadline"), Buyer will (i) list the Contingent Property for sale with a real estate broker licensed in the state in which the Contingent Property is located, (ii) provide Seller a copy of the listing agreement referenced in the preceding clause (i), (iii) assure that the Contingent Property is placed on the real estate multiple listing service in the geographic area in which the Contingent Property is located, and (iv) provide Seller a current Comparative Market Analysis ("CMA") for the Contingent Property. Upon the closing of the sale of the Contingent Property, this contingency will be deemed to have been satisfied and Buyer will be deemed to have waived all rights to terminate the Agreement due to any and all contingencies, including, but not limited to, those set forth herein and in Section 4.1 of the Agreement.
- c) Within three (3) business days after (i) Buyer enters into a contract to sell the Contingent Property, or (ii) Buyer agrees to modify any agreement to sell the Contingent Property, Buyer will provide a copy of such to Seller.
- d) Seller has the right to continue to market the Property until such time as this contingency is waived or satisfied. If waiver or satisfaction has not occurred and Seller receives an offer to purchase the Property from a third-party, Seller will provide Buyer oral or written notice that Buyer has 48 hours within which to (a) waive this contingency by initialing, in the spaces provided below, the paragraph entitled "Release of Contingency" and (b) provide Seller a Notice of Loan Approval. If Buyer fails to comply with the immediately preceding requirements, Seller may terminate this Agreement and accept the offer on the Property from the third party in which case, upon Buyer's execution of the release referenced in Section 4.1.5 of the Agreement, Seller will refund the Deposit(s) to Buyer.
- e) If the Contingent Property has not sold by the Contingency Expiration Date, assuming Buyer is not in default under any term of this Addendum or the Agreement, the Buyer shall have the right to terminate the Agreement by

Buyer: <<Customers>>  
 Lot: <<Lot/Block Full Number>>  
 Lot Address: <<Lot Address>>

providing Seller Buyer's written election to terminate the Agreement within seven (7) business days of the Contingency Expiration Date. If Buyer elects to terminate the Agreement as set forth in the preceding sentence, upon Buyer's execution of the release referenced in Section 4.1.5 of the Agreement, Seller will refund the Deposit(s) to Buyer. If Buyer fails to terminate the Agreement then Buyer will be deemed to have waived all rights to terminate the Agreement due to any and all contingencies, including, but not limited to, those set forth herein and in Section 4.1 of the Agreement. Buyer understands that the failure to exercise the right to terminate granted herein will place Buyer's Deposit(s) at risk pursuant to the terms of the Agreement including, but not limited to, if Buyer is unable to provide further evidence of loan approval, upon Seller's request, pursuant to Section 4.1.6.

Initials	Initials

Date: \_\_\_\_\_

2. **Non-Contingent Sale – Sale of Other Real Property Not Required.** Buyer does not own other real property that Buyer must (or desires to) sell in order to purchase the Property. Buyer understands that by making this election, Buyer's purchase of the Property (and Buyer's financing thereof as set forth in Section 4.1 of the Agreement) is not contingent upon the sale of any other real property.

Initials	Initials

Date: \_\_\_\_\_

### TO BE COMPLETED UPON RELEASE OF CONTINGENCY

**Release of Contingency.** By initialing below, Buyer agrees that this contingency has been waived and that Buyer's purchase of the Property (and Buyer's financing thereof as set forth in Section 4.1 of the Agreement) is not contingent upon the sale of any real property.

Initials	Initials

Date: \_\_\_\_\_

<<Signatures - Customers and Sales Associate>>

Buyer:<<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

**Morristown Square, a Condominium**

**FHA ADDENDUM**

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> (the "Agreement") between the Buyer and Seller for the Property described above. Capitalized terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein and the Agreement, this Addendum shall prevail.

**BUYER, SELLER, AND SELLING REAL ESTATE BROKER CERTIFICATION**

Buyer, Seller and selling real estate agent or broker (the "Selling Broker") involved in the sales transaction certify by our signatures below that the terms and conditions of the Agreement are true to the best of our knowledge and belief, and that any other agreement entered into by any of these parties in connection with this real estate transaction is part of, or attached to, the Agreement.

**FEDERAL HOUSING ADMINISTRATION AMENDATORY CLAUSE TO AGREEMENT**

It is expressly agreed that notwithstanding any other provisions of the Agreement, Buyer shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the Buyer has been given, in accordance with HUD/FHA or VA requirements, a written statement by the Federal Housing Commissioner, Department of Veteran Affairs, or a Direct Endorsement lender setting forth the appraised value of the Property of not less than \$ <<Total House Price>>. The Buyer shall have the privilege and option of proceeding with the consummation of the Agreement without regard to the amount of the appraised valuation.

The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the Property. Buyer should satisfy himself/herself that the price and condition of the Property are acceptable.

Note: The dollar amount to be inserted in the amendatory clause is the Total Purchase Price as stated in the Agreement. If the Buyer and Seller agree to adjust the Total Purchase Price in response to an appraised value that is less than the Total Purchase Price, a new amendatory clause is not required. However, the loan application package must include the original Agreement with the same price as shown on the amendatory clause, along with the revised or amended Agreement.

BUYER(S):  
<<Customer List>>

SUBMITTED BY:

<<Signatures - Customers and Sales Associate>>

ACCEPTED BY SELLER:

The terms, conditions and provisions of this Addendum are hereby accepted on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Authorized Agent

WARNING: Our signatures above indicate that we fully understand that it is a Federal Crime punishable by fine, imprisonment or both to knowingly make any false statements concerning any of the above facts as applicable under the provision of Title 18, United States Code, Section 1012 and 1014.

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

**Morristown Square, a Condominium**

**FINANCING ADDENDUM  
(Selection of Lender and Closing or Escrow Agent)**

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> between the Buyer and Seller for the Property described above (the "Agreement"). Capitalized terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein, and the Agreement, this Financing Addendum shall prevail.

Buyer elects one of the following options regarding financing the purchase of the Property:

**CASH** Buyer will pay cash for the Property. All Closing Costs are Buyer's responsibility, except those Closing Costs which Seller has agreed to pay. A cash discount may be available, but only in accordance with the Seller's current cash discount policy. Cash discounts must be shown on the Agreement or an addendum. At any time, Seller may request that Buyer provide Seller evidence that Buyer will have the cash required to Close the purchase of the Property on or before the date upon which Seller reasonably anticipates that the Closing will occur. If Buyer is unable to provide Seller such evidence, as determined in Seller's sole and absolute discretion, Seller may, but is not obligated to, declare Buyer in default and exercise its remedies as set forth in Section 10 of the Agreement.

Initials	Initials
----------	----------

Type of Financing: (circle one)                      CONV    FHA    VA

**Please note that the choice of a lender is Buyer's sole decision. Buyer is not obligated to use Pulte Mortgage.**

**PULTE MORTGAGE, LLC** Buyer will obtain financing from Pulte Mortgage, provided that Buyer meets the lender's qualification criteria. Buyer will be responsible for all costs necessary to obtain financing, subject to any financing incentives listed on the Preferred Buyer Rewards Program Addendum.

Initials	Initials
----------	----------

**NON-AFFILIATED LENDER.** Buyer will obtain financing from:

Company Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone/Fax Numbers: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

**BUYER WILL BE RESPONSIBLE FOR ALL CLOSING COSTS NECESSARY TO OBTAIN FINANCING. IN THE EVENT OF AN FHA OR VA LOAN, SELLER AGREES TO PAY ONLY THOSE LOAN COSTS THAT ARE NOT PERMITTED TO BE PAID FOR BY THE BUYER.**

Initials	Initials
----------	----------

**TITLE AND SETTLEMENT SERVICES.** Buyer will obtain title and settlement services from:

PGP Title, Seller's preferred escrow agent

Other Title Agency

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone/Fax Numbers: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Buyer agrees that Seller's contribution toward title insurance is limited to the premium amount that Seller would pay to PGP Title, Seller's preferred Closing or Escrow Agent, for a basic residential owner's title policy (i.e., an A.L.T.A. Plain Language Residential Owner's Policy or its local equivalent).

**Please note that the selection of the party to provide title and settlement services is Buyer's sole decision. Buyer is not obligated to use PGP Title.**

Initials

Initials

**Change of Lender.** Buyer is aware that a change of lender or loan terms may result in a delay of Closing. Please see Sections 8 and 10 of the Agreement regarding delays of Closing.

**Payment Estimate.** Buyer acknowledges that any estimate or quote of a monthly loan payment and/or Closing Costs is given as a courtesy. Buyer shall rely only upon loan information provided to Buyer by Buyers' lender. Buyer understands that such quotes are subject to change depending on mortgage amount, interest rates at the time of closing and other factors.

**BUYER UNDERSTANDS THAT INTEREST RATES FLUCTUATE ACCORDING TO MARKET CONDITIONS. IT IS THE BUYER'S RESPONSIBILITY TO NEGOTIATE WITH BUYER'S LENDER TO OBTAIN ANY INTEREST RATE LOCK.**

**IMPORTANT:** If financing is not obtained through Pulte Mortgage or if Pulte Mortgage has brokered the loan to another financing company, keys to the Property will not be released until the lender has deposited all loan funds with the Closing or Escrow Agent, except as otherwise required by law. Please be advised that, at times and where permitted, this could take approximately 24 to 72 hours after the loan documents are signed.

BUYER(S):  
<<Customer List>>

SUBMITTED BY:

<<Signatures - Customers and Sales Associate>>

ACCEPTED BY SELLER:

The terms, conditions and provisions of this agreement are hereby accepted on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_  
Authorized Agent

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>

## Morristown Square, a Condominium

### DISCLOSURE STATEMENT (Homeowners Insurance)

To: Pulte Homes of NJ, Limited Partnership Purchaser:

This is to give you notice that Pulte Homes of NJ, Limited Partnership, either in its own name or other names under which it does business, and/or its affiliates have an agreement with Westwood Insurance Agency for it to provide homeowners and other insurance products and services to you.

You are not required to use Westwood Insurance Agency for your homeowners or other insurance as a condition to your purchase of a home from Pulte Homes of NJ, Limited Partnership and/or its affiliates; neither is Westwood Insurance Agency under any obligation to provide insurance coverage to you. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES. Purchaser acknowledges having read this Disclosure Statement and understands that Pulte Homes of NJ, Limited Partnership and/or its affiliates are providing certain marketing and support services for Westwood Insurance Agency and may receive a financial or other benefit as the result of the provision of such services.

Information regarding the features and benefits of the insurance products and services offered by Westwood Insurance Agency has been provided to you. Westwood Insurance Agency is an independent provider of homeowners and other insurance products and services and is not owned or controlled by, or under common ownership or control with, Pulte Homes of NJ, Limited Partnership and/or its affiliates. In addition, Pulte Homes of NJ, Limited Partnership and/or its affiliates are not responsible for Westwood Insurance Agency's marketing information, services, coverage decisions or any other information or services provided by it. Unless you otherwise inform Pulte Homes of NJ, Limited Partnership and/or its affiliates that you do not wish to be contacted by Westwood Insurance Agency, you will be provided with a free, no obligation insurance quote.

If you consent to being provided a free, no obligation insurance quote by Westwood Insurance Agency by telephone at a phone number you provided to Pulte Homes of NJ, Limited Partnership at the time you contracted for the purchase of the home, please so indicate by checking this box .

<<Signatures - Customers and Sales Associate>>

Buyer: &lt;&lt;Primary Customer Last Name&gt;&gt;

Lot: &lt;&lt;Lot/Block Full Number&gt;&gt;

Address: &lt;&lt;Lot Address&gt;&gt;

**Morristown Square, a Condominium****Important Dates Acknowledgement**

This Addendum supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>>, Purchase Agreement No. <<Sales Agreement Number>> between Buyer and Seller (the "Agreement"). By signing this Addendum, Buyer agrees to comply with each action required by the dates set forth herein. If Buyer fails to meet any due date set forth in this Addendum, Seller, at its sole option, may declare Buyer in default and exercise the remedies set forth in Section 10 of the Agreement. To the extent any date conflicts with those set forth in the Agreement, the date in the Agreement shall prevail.

Action Required	Due Date	Initials
Earnest Money Deposit is due upon signing the Agreement Amount Due: <<Total Earnest Money Deposits>>	<<Sales Agreement Create Date>>	
Additional Deposits for Options Selected		
Loan Application must be made within five (5) business days after Buyer's right to cancel the Agreement expires, <<Sales Agreement Create Date>>		
Notice of Loan Approval must be delivered to Seller <<Loan Approval Deadline>> calendar days after <<Sales Agreement Create Date>>		
Cash Buyer Only: Evidence that Buyer will have the cash required to close must be delivered to Seller five (5) business days after <<Sales Agreement Create Date>> and again forty-five (45) calendar days prior to Closing, and such other time(s) as Seller may designate.		
Finalize all color selections and options <<Option Selections Due Date>> after <<Sales Agreement Create Date>> for a new build. If Buyer is purchasing an Inventory Home, Buyer understands that options for Inventory Homes are pre-selected and changes may not be available.		
Golf Membership Documents and Deposit are due within sixty (60) calendar days after <<Sales Agreement Create Date>> or at such later time as Seller designates.		
Pool or spa packages through Seller or Seller's designated pool or spa contractor must be finalized within sixty (60) calendar days after <<Sales Agreement Create Date>> or such later time as Seller designates.		
Landscape packages through Seller or Seller's designated Landscape Contractor must be finalized within sixty (60) calendar days after <<Sales Agreement Create Date>> or such later time as Seller designates.		
Month that the Home is anticipated to be completed and conveyed to Buyer ("Estimated Closing Date").* * Buyer acknowledges that while Seller strives to estimate the date of completion of the Home and the Closing and will regularly inform Buyer as to the status of construction, it is impossible to be completely accurate in such estimates due to factors outside of Seller's control such as weather, supply delays, local regulatory inspection schedules, labor matters, Buyer's loan qualification and similar matters.		

Dated: &lt;&lt;Current Date&gt;&gt;

&lt;&lt;Signatures - Customers and Sales Associate&gt;&gt;





Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Address: <<Lot Address>>

Purchase Agreement No. <<Sales Agreement Number>>

### Morristown Square, a Condominium

### Internal Revenue Code § 1031 Exchange

Buyer: <<Customers>>  
Seller: <<Seller Name>>

Buyer desires to structure the purchase of the Property as an exchange for like-kind property pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, in order to defer recognition of income from the disposition of other properties Buyer owns (a "§1031 Exchange"). Seller agrees to reasonably cooperate with Buyer to accomplish such exchange at no additional cost or liability to Seller and to execute required corresponding documentation in forms acceptable to Seller. Upon final acceptance hereof, the rights and obligations of the Buyer shall be assigned to:

\_\_\_\_\_  
Attention Line

\_\_\_\_\_  
(Accommodator) Company Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

who shall act as Facilitator to implement the §1031 exchange. Buyer agrees that Seller makes no representation or warranty that the transaction contemplated by Buyer hereunder qualifies for a §1031 exchange or that said transaction will be beneficial to Buyer.

Buyer further agrees that Seller cannot and does not guarantee that the Home will be completed within the time required to comply with the requirements of Section 1031. Buyer is aware of this risk and expressly waives any right Buyer might otherwise have to make any claim against Seller for any increased tax liability Buyer may incur in the event the Closing for the Property does not occur within the time required to comply with the requirements of Section 1031. Buyer is not entitled to rely on any oral or written statements made by Seller regarding the anticipated Closing Date in deciding whether to designate the Property as the exchange property for purposes of Section 1031, recognizing that the Closing Date is subject to change based upon factors both within and outside Seller's control. Buyer agrees that any and all costs associated with the exchange shall be borne solely by Buyer and shall in no way be attributable to Seller. In no event shall Seller be required to take title to exchanged property to effectuate the tax-deferred exchange contemplated by this paragraph. Buyer agrees to indemnify and hold Seller harmless from all claims, demands, liabilities, costs (including any defense costs and attorney's fees), expenses penalties, damages or losses arising from or connected with the exchange.

<<Signatures - Customers without Sales Associate>>

Dated: <<Current Date>>

**ACCEPTED BY SELLER:**

The terms, conditions and provisions of this Addendum are hereby accepted on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

<<Seller Name>>

By: \_\_\_\_\_

Authorized Agent

Job Initiation Order  
<<Community Name>> (<<Comm #>>)

<<Current Date>>

Change Order Type: <<CO Type>>  
Number: <<CO #>>  
Created Date: <<CO Created Date>>  
Sales Status: <<CO Sales Status>>  
Construction Status: <<CO Constr Status>>  
Description: <<CO Description>>

Agreement Id: <<SA #>>  
Agreement Created: <<SA Created Date>>  
Agreement Approved: <<Approved Date>>  
Sales Associate: <<Sales Assoc Name>>  
JIO/CO Created By: <<Created By Name>>  
Home Site: <<LotBlock>>

Pricing Information:

Base Price:	<<Amount>>
Lot Premium:	<<Amount>>
Options Total:	<<Amount>>
Non-Standard Options Total:	<<Amount>>
Elevation:	<<Amount>>
Sales Program:	<<Amount>>
Price Adjustment:	<<Amount>>
<b>Total Purchase Price:</b>	<b>&lt;&lt;Amount&gt;&gt;</b>
Other Sales Program Amount:	<<Amount>>
Loan Origination Fee Contribution:	<<Amount>>

This Job Initiation Order ("JIO") amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> (the "Agreement") between the Buyer and Seller for the Property described above. Terms set forth in this JIO shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein and the Agreement, this JIO shall prevail.

**FEDERAL HOUSING ADMINISTRATION AMENDATORY CLAUSE**

If Buyer has elected to finance all or any portion of the purchase of the Property using a mortgage insured by the Department of Housing and Urban Development ("HUD"), it is expressly agreed that notwithstanding any other provisions of the Agreement, the Buyer shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the Buyer has been given, in accordance with HUD/FHA or VA requirements, a written statement by the Federal Housing Commissioner, Department of Veteran Affairs, or a Direct Endorsement lender setting forth the appraised value of the Property of not less than the Total Purchase Price set forth in this Change Order. The Buyer shall have the privilege and option of proceeding with the consummation of the Agreement without regard to the amount of the appraised valuation.

The appraised valuation is arrived at to determine the maximum mortgage HUD will insure. HUD does not warrant the value nor the condition of the Property. Buyer should satisfy himself/herself that the price and condition of the Property are acceptable.

**DEPARTMENT OF VETERANS AFFAIRS AMENDATORY CLAUSE**

If Buyer has elected to finance all or any portion of the purchase of the Property using a mortgage insured by the Department of Veterans Affairs ("DVA"), it is expressly agreed that, notwithstanding any other provisions of the Agreement, Buyer shall not incur any penalty by forfeiture of earnest money deposit(s) or otherwise be obligated to complete the purchase of the Property described herein, if the Total Purchase Price or cost exceeds the reasonable value of the Property established by the DVA. Buyer shall, however, have the privilege and option of proceeding with the consummation of the Agreement without regard to the amount of the reasonable value established by the DVA. (Authority: 38 U.S.C. 501, 3703(c)(1))

If the DVA reasonable value of the Property is less than the Total Purchase Price, Seller shall have the option of reducing the Total Purchase Price to an amount equal to the DVA reasonable value and the parties to the sale may close at such lower price with appropriate adjustments to the Agreement.

**Job Initiation Order**  
 <<Community Name>> (<<Comm #>>)

<<Current Date>>

Change Order Type: <<CO Type>>  
 Number: <<CO #>>  
 Created Date: <<CO Created Date>>  
 Sales Status: <<CO Sales Status>>  
 Construction Status: <<CO Constr Status>>  
 Description: <<CO Description>>

Agreement Id: <<SA #>>  
 Agreement Created: <<SA Created Date>>  
 Agreement Approved: <<Approved Date>>  
 Sales Associate: <<Sales Assoc Name>>  
 JIO/CO Created By: <<Created By Name>>  
 Home Site: <<LotBlock>>

**Current Buyer Information:**

**Seller File Reference:**

<i>Buyer:</i>	<<Buyer Name>>	<i>Alternate Lot Block:</i>	<<Alt LotBlock>>
<i>Current Address:</i>	<<Current Address>>	<i>Building #:</i>	<<Building #>>
<i>City, State, Zip:</i>	<<City, State Zip>>	<i>Unit Number:</i>	<<Unit #>>
<i>Home Phone:</i>	<<Home Phone>>	<i>Address:</i>	<<Lot Address>>
<i>Work Phone:</i>	<<Work Phone>>	<i>Garage:</i>	<<Garage>>
<i>Co-Buyer 1:</i>	<<Co-Buyer 1 Name>>	<i>Plan:</i>	<<Plan Name>>
<i>Co-Buyer 2:</i>	<<Co-Buyer 2 Name>>	<i>Plan ID:</i>	<<Plan #>>
<i>Co-Buyer 3:</i>	<<Co-Buyer 3 Name>>	<i>Elevation:</i>	<<Elevation>>
<i>Co-Buyer 4:</i>	<<Co-Buyer 4 Name>>	<i>Phase:</i>	<<Phase>>
<i>Co-Buyer 5:</i>	<<Co-Buyer 5 Name>>		

**Current House Selections:**

<u>Option Code</u>	<u>Options</u>	<u>Notes</u>	<u>Quantity</u>	<u>Price</u>
<<Opt #>>	<<Option Name>>	<< Description>>	<<Quantity>>	<<Price>>

**Items Added to Configuration:**

<<Opt #>>	<<Option Name>>	<< Description>>	<<Quantity>>	<<Price>>
-----------	-----------------	------------------	--------------	-----------

**Items Removed from Configuration:**

<<Opt #>>	<<Option Name>>	<< Description>>	<<Quantity>>	<<Price>>
-----------	-----------------	------------------	--------------	-----------

**Notes:**

<<Notes>>
-----------

Job Initiation Order  
<<Community Name>> (<<Comm #>>)

<<Current Date>>

Change Order Type: <<CO Type>>  
Number: <<CO #>>  
Created Date: <<CO Created Date>>  
Sales Status: <<CO Sales Status>>  
Construction Status: <<CO Constr Status>>  
Description: <<CO Description>>

Agreement Id: <<SA #>>  
Agreement Created: <<SA Created Date>>  
Agreement Approved: <<Approved Date>>  
Sales Associate: <<Sales Assoc Name>>  
JIO/CO Created By: <<Created By Name>>  
Home Site: <<LotBlock>>

IMPORTANT! THIS CHANGE ORDER IS NOT BINDING UNTIL ACCEPTED BY SELLER. THE SALES CONSULTANT'S SIGNATURE DOES NOT CONSTITUTE ACCEPTANCE.

Buyers:

Submitted By:

\_\_\_\_\_  
<<Buyer Name>> <<Today'sDate>>

\_\_\_\_\_  
Sales Consultant <<Today'sDate>>

\_\_\_\_\_  
<<CoBuyer 1 Name>> <<Today'sDate>>

Accepted by Seller:

\_\_\_\_\_  
Authorized Agent <<Today'sDate>>

\_\_\_\_\_  
<<CoBuyer 2 Name>> <<Today'sDate>>

\_\_\_\_\_  
<<CoBuyer 3 Name>> <<Today'sDate>>

\_\_\_\_\_  
<<CoBuyer 4 Name>> <<Today'sDate>>

\_\_\_\_\_  
<<CoBuyer 5 Name>> <<Today'sDate>>

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>

### Morristown Square, a Condominium

### MODEL HOME ADDENDUM

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> (the "Agreement") between the Buyer and Seller for the Property described above. Terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein, and the Agreement, this Addendum shall prevail.

1. **Model Homes.** Model Homes are homes that are complete and that have been used to display the style and features of homes throughout Morristown Square, a Condominium. Buyer acknowledges that plans for the Model Homes have already been submitted to the local authorities for permitting, which identifies the home, including all the architectural options offered for individual home plans. Buyer acknowledges that **NO OPTIONS OR CHANGES ARE PERMITTED.** Buyer further acknowledges that the Property is purchased by Buyer with a completed Home thereon, and that the Home is currently being used by Seller as a Model Home within Morristown Square, a Condominium and will continue to be used as a Model Home from date of purchase until the Closing. Any provisions in the Agreement relating to the construction of a Home are hereby deleted in their entirety. On or before the Closing Date, Seller shall have the right to remove any identification signs located on the Property. Upon the Closing Date of this Model Home, Seller will place a sign in the front yard indicating that the Home is occupied and not a model. Buyer acknowledges that other unsold Model Homes will continue to be shown to prospective buyers on a daily basis until the Closing Date for each model.

Initials	Initials

2. **Appraisal.** Buyer is aware that the Home on the Lot referenced above may have many upgraded options due to this Home being a Model Home in Morristown Square, a Condominium. There may not be sufficient comparable properties to compare to this Home in the appraisal process. Buyer understands that the appraisal may affect the loan to value ratios if Buyer is financing the purchase of the Home. Buyer agrees to pay in cash any difference between the appraised price and the contracted price, should the appraisal be less than the contracted price.

3. **Closing.** The Closing of this transaction shall occur as set forth in the Agreement.

4. **Condition of the Property.** Notwithstanding anything contained in the Agreement to the contrary, Buyer acknowledges the Property is sold in its "AS IS" condition except as expressly stated herein and in the Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-21 et seq. and the New Home Warranty And Builders' Registration Act, N.J.S.A. 46:3B-1 et seq., and any regulations promulgated under either of the aforementioned statutes. Buyer acknowledges that painted surfaces, floor coverings, wall coverings, drapes, light fixtures, plumbing fixtures, cabinets, all counter tops, back splash and other interior and exterior finished items will be used prior to Closing and may suffer wear, tear, cracks, chips, shading or color changes or stains and deterioration from such use, such items shall be sold and delivered "AS IS" AS OF THE CLOSING, and Seller offers no warranty for the appearance, latent defects, or general condition of these items. Seller does warrant that these items will be operational at Closing. **OTHER THAN THE EXPRESS WARRANTIES STATED HEREIN, THERE ARE NO OTHER EXPRESSED OR IMPLIED WARRANTIES TO WHICH BUYER WOULD OTHERWISE BE ENTITLED, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION AND WAIVES ANY CLAIMS FOR INCIDENTAL, SECONDARY OR CONSEQUENTIAL DAMAGES INCURRED AS A RESULT OF ANY DEFECTIVE MATERIAL OR WORKMANSHIP IN THE HOME OR PROPERTY.**

5. **Landscaping.** Seller has installed and maintained various types of trees and shrubs and ground cover. There is no warranty on any landscaping items. Seller agrees to maintain the Property in a diligent manner until the

Closing. Any replacement of trees, shrubs, plants or grass during the period prior to Closing will be at the sole discretion of Seller. Replacements need not be restricted to same size or type of landscaping being replaced. Buyer agrees that Seller has the right to remove or replace any landscaping necessary to accommodate the installation of the road, driveway or sidewalk, in Seller's sole discretion. Underground sprinkler systems and related devices are covered by warranty and are the sole responsibility of Buyer as of the Closing Date. Any adjustments or changes to the underground sprinkler system after Closing are the Buyer's responsibility. Spas, pools, water features, fountains, pool mechanicals or equipment are not covered by the Seller's warranty but may be covered pursuant to a third party warranty to be provided at Closing as described below.

6. **Exterior Lighting.** Seller may have attached additional exterior lights for display purposes; Seller will not warrant these or any other light fixtures. Lighting not attached to the home will be removed at Seller's discretion and the electrical capped off. Exterior light bulbs or globes are not warranted. Buyer understands that for security or control purposes, Seller has made some modifications to the Property or home. These may include, but are not limited to: windows screwed shut, installation of additional walks, installation of wrought iron fences. Any exterior ground speakers will be removed and capped prior to Closing. Seller will verify that all windows are in working order as of the Closing Date.

7. **Personal property.** All window treatments, furniture, fixtures located in the Home and other personal property remaining in the Home at the time of Closing are referred to in this Addendum as the "Included Personal Property", excepting only those items specifically listed by Seller as "Excluded Property." Notwithstanding anything else to the contrary, the following property shall be deemed to be Excluded Personal Property: (i) any collateral materials used by Seller in connection with the sale of the Home (such as signs, sales brochures, etc.), (ii) any golf cart and related equipment (iii) telephones, (iv) all personal property located in the area to be converted to the garage (v) all furniture (vi) all decorative accessories items such as knick-knacks, dishes, plants and other accessories and artwork. The Included Personal Property shall be conveyed to Buyer at the time of surrender of the Property and under the terms of the Agreement in its "AS IS" CONDITION AND THERE IS NO WARRANTY FROM SELLER AS TO APPEARANCE, ANY LATENT DEFECTS, OR GENERAL CONDITION OF SAME AND TO THE EXTENT PERMITTED BY LAW BUYER WAIVES ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, TO WHICH BUYER WOULD OTHERWISE BE ENTITLED, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION AND WAIVES ANY CLAIMS FOR INCIDENTAL, SECONDARY OR CONSEQUENTIAL DAMAGES INCURRED AS A RESULT OF ANY DEFECTIVE MATERIAL OR WORKMANSHIP IN THE INCLUDED PERSONAL PROPERTY. Buyer has fully inspected the Included Personal Property to Buyer's satisfaction and understands that some personal property in the Home is designed for use in a model home and may not be functional for use in a personal residence, including but not limited to, the window coverings. Living plants in each model will be maintained until Closing and Seller offers no warranty for these plants past Closing. Any accessories, such as knickknacks, books, dinnerware, etc., will not be replaced by Seller. Buyer understands that decorative accessories may be missing from the Home at time of Closing due to theft, and Seller is not responsible for replacement of such items. Seller makes no representation regarding the value, if any, of the Included Personal Property and any allocation of a portion of the Total Purchase Price to the Included Personal Property for tax or other purposes shall be the sole responsibility of Buyer and Buyer's advisors, it being agreed Seller considers only one dollar of the Total Purchase Price to be allocable to the Included Personal Property.

8. **Adjacent Use and Gates.** Buyer acknowledges that the Home referenced above may be adjacent to the model park or Inventory Homes. Buyer acknowledges that the areas in and around the Home may be subject to the traffic, noise and similar inconveniences associated with home construction. If applicable, any gate at the entrance of the model will be removed prior to Closing.

9. **Disclosures.** Seller may build homes on lots within the Model Home park area which currently do not have homes or which currently contain the Sales Pavilion and related parking lot area. This construction may occur either before or after the Closing Date as noted in the Public Report, if applicable, and the property plot map for details of the particular lot numbers affected by any future construction. To the extent that any inventory homes/models are found to deviate in manner from the standard guidelines, pursuant to the terms of the CC&Rs, the Seller/Declarant will obtain all required variances by means of a formalized process, so that there is a permanent record of the approval decision by the Architectural Design Committee. Further, Seller may have obtained various use permits or variances from local governing bodies to merchandise the model home. Buyer agrees to hold Seller harmless in their application or use by Buyer.

10. **Modification of Home for Personal Residence.** Seller reserves the right to make any reasonable modifications necessary to make the Home appropriate for use as a personal residence prior to Closing. Seller agrees to make only the following modifications to the Home; if necessary, prior to the transfer of physical possession of the Home; (i) convert the garage area into a garage and install a standard garage door, (ii) make all light switches operational, (iii) install standard doors where needed, (iv) if applicable, remove any glass doors to garage or utility room and replace with standard door complying with applicable code requirements for residential homes. All doors or other materials removed during such modification shall be the property of Seller.

11. **ARBITRATION.** BY ENTERING INTO THIS AGREEMENT AND THIS MODEL HOME ADDENDUM, BUYER AND SELLER AGREE THAT ANY CONTROVERSY, CLAIM OR DISPUTE, ARISING OUT OF OR RELATED TO THIS AGREEMENT OR BUYER'S PURCHASE OF THE PROPERTY OR ANY RIGHTS AND OBLIGATIONS BETWEEN THE PARTIES WILL BE RESOLVED BY BINDING ARBITRATION PURSUANT TO SECTION 11 OF THE AGREEMENT.

Buyer Initials	Buyer Initials

BUYER:  
<<Signatures - Customers and Sales Associate>>

SUBMITTED BY:

ACCEPTED BY SELLER:

The terms, conditions and provisions of  
this Agreement are hereby accepted on  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Authorized Agent

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>

## Morristown Square, a Condominium

### Preferred Buyer Rewards Program

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>> between Buyer and Seller for the Property described above (the "Agreement"). Capitalized terms set forth in this Addendum shall have the same meaning as defined in the Agreement. Except as expressly modified herein or in any other addenda made a part of the Agreement, the terms of the Agreement are hereby ratified and affirmed. In the event of a conflict between the terms of the Agreement and this Addendum, then the terms set forth herein shall control.

### TEAMWORK MAKES IT HAPPEN!

When purchasing a Home at Morristown Square, a Condominium, our team of experienced professionals will work together to build your Home efficiently. Your cooperation in the process of delivering the Home and closing the transaction is invaluable to us and we want to reward you for your cooperation.

#### HOW TO GET THE "PREFERRED BUYER REWARDS":

To take advantage of the Preferred Buyer Rewards Program you must do each of the following:

- Finalize all color selections and options <<Option Selections Due Date>> after <<Sales Agreement Create Date>> and do not make any changes, additions or deletions thereafter.
- Deliver to your Sales Consultant, within five (5) business days after Buyer's right to cancel the Agreement expires, <<Expiration Date of Buyer's Right to Cancel>>, a completed loan application for a loan from Pulte Mortgage along with any upfront fees required.
- Submit within five (5) business days after receipt of any request(s), any additional information requested by Seller or Pulte Mortgage in connection with the purchase of the Property or the Closing.
- Finance the purchase of the Property with Pulte Mortgage as either the lender or broker for the loan transaction.

That's all there is to do!

#### WHAT THE PREFERRED BUYER REWARDS PROGRAM PROVIDES:

By meeting all of the above requirements, Buyer is eligible to receive incentives in an amount totaling up to but not exceeding \$ \_\_\_\_\_ in the form as described below.

Certain loan programs may limit or prohibit the use of incentives. Any portion of the incentive not used toward the items described below is automatically forfeited. In the event of a failure to meet any of the conditions above, all incentives otherwise offered herein will be automatically null and void unless Seller or one of its affiliates is the sole cause of such failure.



Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>

The incentives for which Buyer will become eligible will include one or more of the following:

❖ **Payment of Closing Costs.** Buyer may receive at closing a contribution from Seller of up to \$\_\_\_\_\_ toward a portion of the closing costs incurred in connection with the closing of the loan on your Property. These closing costs may include the premium for a basic residential owner's title policy (i.e., an A.L.T.A. Plain Language Residential Owner's Policy or its local equivalent), up to the amount that Seller would pay to its preferred Escrow Agent, and may also include items such as:

- Lender fees;
- Rate buy downs (e.g., discount points); and/or
- Prepaid items (e.g., fees for credit reports, appraisals, hazard insurance or other third party payments).

Initials	Initials

❖ **Free Option Items.** Buyer may receive at closing the following item free of charge:

- <<Free Option 1>>
- <<Free Option 2>>
- <<Free Option 3>>

- <<Free Option Value 1>>
- <<Free Option Value 2>>
- <<Free Option Value 3>>

(check one box)

Initials	Initials

Please note that the choice of a lender is Buyer's sole decision. Buyer is not obligated to use Pulte Mortgage or to participate in the Preferred Buyer Rewards Program.

Buyer hereby acknowledges receipt, at or before the time of receipt of this Addendum, of a notice regarding the affiliation between Seller and Pulte Mortgage, if applicable. Buyer understands that the only consequence of not using Pulte Mortgage or participating in the Preferred Buyer Rewards Program is that Buyer will not be eligible for the incentives described above.

**BUYER ELECTS THE "PREFERRED BUYER REWARDS" PROGRAM.**

Buyer has decided to participate in the Preferred Buyer Rewards program. Buyer agrees that if Buyer fails to fulfill any of the conditions listed above, the offer of incentives herein will automatically become null and void, and Buyer will not receive any of the incentives.

Initials	Initials

Buyer: <<Primary Customer Last Name>>  
Lot: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>

**BUYER DOES NOT WANT TO PARTICIPATE IN THE "PREFERRED BUYER REWARDS" PROGRAM.**

Buyer declines to participate in the Preferred Buyer Rewards program. Buyer understands and acknowledges that the only result of this choice is that Buyer will not be eligible to receive the incentives described above.

Initials	Initials

BUYER:

<<Signatures - Customers and Sales Associate>>

SUBMITTED BY:

ACCEPTED BY SELLER:

The terms, conditions and provisions of this Addendum are hereby accepted on

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Authorized Agent

Buyer: <<Primary Customer Last Name>>

Buyer: <<Customers>>  
Community: Morristown Square, a Condominium  
Community No: <<Community Number>>  
Lot/Block: <<Lot/Block Full Number>>  
Lot Address: <<Lot Address>>  
<<Lot City State Zip>>

**Morristown Square, a Condominium**

Receipt

**Conventional Financing, FHA Financing, or Cash:** Make checks payable to Giordano, Halleran & Ciesla, ATA

**VA Financing:** Make checks payable to: Giordano, Halleran & Ciesla, ATA

Date: <<Current Date>>

Received from: <<Customers>>

Address: <<Customer Address>>  
<<Customer City State Zip>>

**Community:** Morristown Square, a Condominium  
**Community Number:** <<Community Number>>  
**Lot/Block:** <<Lot/Block Full Number>> **Purchase Agreement #:** <<Sales Agreement Number>>

Check #: \_\_\_\_\_ in the amount of \$ \_\_\_\_\_

**Representing:**

- Earnest Money Deposit. Amount Required: <<Total Earnest Money Deposits>>
- Additional Earnest Money Deposit
- Credit Report Fee (Make Check Payable to Pulte Mortgage)
- Appraisal Fee (Make Check payable to Pulte Mortgage)
- \_\_\_\_\_
- \_\_\_\_\_

Received by: \_\_\_\_\_  
<<Sales Associate>>

<<Signatures - Customers without Sales Associate>>

Buyer: <<Primary Customer Last Name>>

### Morristown Square, a Condominium

### RADON TESTING

Buyer: <<Primary Customer Last Name>>

Lot: <<Lot/Block Full Number>>

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>>, (the "Agreement") between the Buyer and Seller for the Property described above. Terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein, and the Agreement, this Addendum shall prevail.

If Buyer desires to conduct radon testing in the Home, it must be conducted ten (10) business days after the closing of title by a professional company licensed under the State of New Jersey to perform radon testing.

The results of the radon testing will be deemed satisfactory if the radon level is at or below 4 pCi/l. If the test result is unsatisfactory, Buyer shall submit a copy of the test results to Seller along with written notice of unsatisfactory results. Upon receipt of the notice and test results, Seller shall issue a check to Buyer in the amount of Five Hundred (\$500.00) Dollars to offset Buyer's mitigation expenses.

Buyer acknowledges that Seller is not an expert in radon and, therefore, Seller will not: (1) provide Buyer any advice regarding safe levels of radon, (2) conduct radon testing or mitigation, (3) recommend radon testing methods or mitigation techniques, (4) recommend companies to perform radon testing or mitigation or (5) estimate the cost of testing or mitigation.

In consideration of Seller's execution of this Addendum, Buyer hereby releases and holds Seller harmless and agrees to indemnify Seller against any and all claims relating to the existence of radon in the Home.

**SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, ABOUT ANY ENVIRONMENTAL CONDITIONS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY TYPE OF DAMAGES THAT SUCH CONDITIONS MIGHT CAUSE TO THE HOME OR ITS OCCUPANTS.**

**IF THE BOX BELOW IS CHECKED "YES", THE COMMUNITY IS IN A TIER 1 RADON AREA AND SELLER ACKNOWLEDGES THAT IT MUST COMPLY WITH THE CONSTRUCTION TECHNIQUES IN THE RADON HAZARD SUBCODE, N.J.A.C. 5:23-10.1 et seq.**

YES

NO

THIS ADDENDUM SHALL NOT BE BINDING ON SELLER UNTIL SIGNED BY SELLER'S AUTHORIZED AGENT.

<<Signatures - Customers and Sales Associate>>

Accepted and Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

<<Seller Name>>

By: \_\_\_\_\_  
Authorized Agent

Buyer: <<Primary Customer Last Name>>

Lot: <<Lot/Block Full Number>>

Address: <<Lot Address>>

### Request for Verification of Funds

To: \_\_\_\_\_  
(Name of Financial Institution)

\_\_\_\_\_  
\_\_\_\_\_  
(Address)

The undersigned customers of \_\_\_\_\_ (financial institution) have contracted to purchase a home in <<Community Name>>, a Pulte Homes/Del Webb/Centex Community, and desire to pay for that home with cash. (If the undersigned customer had a mortgage commitment that lapsed or is otherwise not active and now wishes to purchase the Home in cash, Seller may also request a verification of funds.)

Seller has requested that we provide verification of funds available to close. This request will serve as authorization to you to provide a letter to Seller verifying that funds in the aggregate amount of <<Total House Price>> is on deposit in the following accounts:

Account No.

Please provide the information to the following:

Pulte Home Corporation  
Attention: <<Sales Associate>>  
<<Community Full Address>>

Facsimile: <<Community Fax>>

Thank you for your assistance.

Sincerely,

BUYER(S):  
<<Customer List>>

<<Signatures - Customers without Sales Associate>>

Buyer: <<Primary Customer Last Name>>

## Morristown Square, a Condominium

### VA Addendum

Buyer: <<Customers>>

Lot/Block: <<Lot/Block Full Number>>

Lot Address: <<Lot Address>>  
Morristown, NJ

VA Case Number (if available): \_\_\_\_\_

This Addendum amends and supplements that certain Home Purchase Agreement dated <<Sales Agreement Create Date>>, (the "Agreement") between the Buyer and Seller for the Property described above. Terms set forth in this Addendum shall have the same meaning as defined in the Agreement. In the event there is a conflict between the terms set forth herein and the Agreement, this Addendum shall prevail.

Buyer has represented to Seller that Buyer believes that Buyer is eligible and intends to apply or has applied for financing for the purchase of the Property guaranteed by the United States Veterans Administration ("the VA Financing"). In such an event, Buyer and Seller agree as follows:

1. In the event Buyer cannot obtain the VA Financing contemplated, Buyer shall have the option of canceling the Agreement and receiving a refund of all Deposits paid.
2. If the Total Purchase Price is increased due to increases in the cost of labor, material, or other items prior to Closing, Buyer will have the option of canceling the Agreement and obtaining a refund of all Deposits paid if Buyer doesn't agree to pay the new Total Purchase Price.
3. Buyer will have the usual or customary freedom or right of an owner to sell the Property.
4. Buyer does not waive or release any claim or right Buyer may have for nonperformance by the Seller under the Agreement or under local and State laws.
5. The Buyer is to be charged with any special assessments or improvement bonds, including those payable in the future, for improvements included in the plans and specifications or commenced or completed at the time of Closing, and as set forth in the Community Documents.
6. Seller agrees to complete the dwelling in substantial accordance with the VA approved plans and specifications and to deliver the Property to the Buyer when completed.
7. All Deposits received from Buyer shall be placed in a special trust account as required by 38 U. S. C. 3706. This will also include, but not be limited to, funds for the purchase of optional items and equipment.
8.  Applicable  Not Applicable The property was or will be constructed under FHA compliance inspection procedures pursuant to Section 203(i) or 221(d) (2) of the National Housing Act, and was or will be constructed under FHA minimum property standards for low cost housing.
9. Buyer is aware that the VA only guarantees the loan and does not guarantee the construction and workmanship of the Home.
10. The current year's taxes shall be prorated to the date of transfer.

Buyer: <<Primary Customer Last Name>>

11. It is expressly agreed that, notwithstanding any other provisions of the Agreement, Buyer shall not incur penalty by forfeiture of earnest money deposit(s) or otherwise be obligated to complete the purchase of Property described herein, if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs ("DVA"). Buyer shall, however, have the privilege and option of proceeding with the consummation of the Agreement without regard to the amount of the reasonable value established by the DVA. If the DVA reasonable value of the Property is less than the contract purchase price, Seller shall have the option of reducing the purchase price to an amount equal to the DVA reasonable value and the parties to the sale may close at such lower price with appropriate adjustments to the Agreement.

**BUYER:**

<<Customer List>>

**SELLER:**

<<Seller Name>>

\_\_\_\_\_  
Buyer Signature                      Date

\_\_\_\_\_  
Authorized Agent

\_\_\_\_\_  
Buyer Signature                      Date

\_\_\_\_\_  
Date

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 5**  
**SAMPLE UNIT DEED**



**THIS PAGE INTENTIONALLY LEFT BLANK**

Record and Return to:

Prepared by: \_\_\_\_\_

THIS PROPERTY IS NEW CONSTRUCTION

UNIT DEED

Made this \_\_\_\_ day of \_\_\_\_\_, in the year 20\_\_.

BETWEEN

PULTE HOMES OF NJ, LIMITED PARTNERSHIP, having an address of 222 Mt. Airy Road, Basking Ridge, New Jersey 07920 (hereinafter called "Grantor")

AND

\_\_\_\_\_  
about to be residing at  
\_\_\_\_\_  
\_\_\_\_\_  
(hereinafter called "Grantee")

For and in consideration of the sum of \_\_\_\_\_, to it well and truly paid by Grantee at or before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in consideration of the covenants herein contained, the Grantor does grant and convey, bargain and sell, to the said Grantee the following described real property, situate, lying and being in the Town of Morristown, County of Morris and State of New Jersey, including the appurtenances thereto, in fee-simple, subject to the terms and provisions of the Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-21 et seq., its amendments and supplements, and to the provisions of that certain Master Deed for Morristown Square, a Condominium (the "Condominium"), dated \_\_\_\_\_, and recorded on \_\_\_\_\_ in the Morris County Clerk's Office in Deed Book \_\_\_\_\_ at Page \_\_\_\_\_ and all amendments thereto (hereinafter the "Master Deed"), being more particularly described as Unit No. \_\_\_\_\_, situated in Building No. \_\_\_\_\_ (as same is depicted on that certain Condominium Plan entitled "\_\_\_\_\_" prepared by \_\_\_\_\_, which Condominium Plan is attached to said Master Deed) situated in the Condominium, together with an initial \_\_\_\_\_% interest in the Common Elements of said Condominium. The Grantee and all of Grantee's successors in interest, take their interest subject to any easement or restriction against the property, including, but not limited to, any Deed Notice required by the New Jersey Department of Environmental Protection as same may be amended from time to time, including all use restrictions and all obligations not to violate any of the conditions of the Deed Notice. Grantee and all of Grantee's successors in interest, must include in all written transfers of interest in the property a provision stating that all persons take their interest subject to the Deed Notice and the obligations not to violate any conditions therein.

ALSO KNOWN AND DESIGNATED AS Block No. \_\_\_\_\_, Unit No. \_\_\_\_\_, Qualifier No. \_\_\_\_\_ on the official Tax Map of the Town of Morristown.

TOGETHER with all easements granted to each Unit Owner by the Master Deed.

SUBJECT to the provisions of the conditions, restrictions, covenants, and agreements set forth in the Master Deed and the By-laws of the Morristown Square Condominium Association, Inc. (the "By-laws"), and any amendments thereto.

SUBJECT to easements, zoning requirements, and other restrictions of record granted or to be granted.

TO HAVE AND TO HOLD all and singular, the premises herein described, together with the appurtenances, to the Grantee and to the Grantee's proper uses and benefit forever.

AND THE GRANTEE, by acceptance and delivery of this Deed, for himself/herself, his/her heirs and assigns, does hereby consent to any and all amendments to the Master Deed and By-laws and other documents as provided in and contemplated by the Master Deed; and does hereby agree to execute, acknowledge and deliver:

1. All documents evidencing consent to any other documents and to any and all amendments or supplements to the Master Deed, By-laws, and other documents which may be required by any title insurance company selected to insure title to any unit(s) in the Condominium by any governmental authority having regulatory jurisdictions over the Condominium, or any mortgage lender;

2. All documents evidencing consent to any other documents and to any and all amendments or supplements to the Master Deed, By-laws, and any other documents which are required or permitted by the terms of the Master Deed or are necessary to alter unit plans so as to accommodate the special needs of prospective purchasers or lessees of units in the Condominium or comply with any condition of zoning or site plan approval now or hereafter granted for the Condominium;

3. Provided, however, that the Grantor, its successors and assigns may exercise the authority granted in Paragraphs 1 and 2 hereinabove for a period of fifteen (15) years from the date of the Master Deed for the Condominium is recorded in the office of the Morris County Clerk or until closing of title of the last unit within the Condominium, as expanded, whichever is earlier but may not exercise said authority without the written consent of the Grantee, if the amendment would substantially adversely affect the value or substantially increase the financial obligations of Grantee or reserve any additional or special privileges for the Grantor which are not already contemplated by or contained in the Master Deed and By-laws. The foregoing covenant shall be coupled with an interest in the subject matter and shall run with the title to the unit and shall be binding upon the heirs, personal representatives, successors and assigns of the Grantee. They shall be deemed to be for the benefit of the Grantor, every person who owns or shall own a unit in the Condominium and the Condominium Association, as representative of the owners of units in the Condominium. If an amendment is required for any one of these reasons, but subject to the limitations described above, then Grantee expressly agrees that Grantor is authorized, on behalf of Grantee, to sign and record any document necessary to make the amendment, supplement or revision effective. This authority is called a power of attorney and Grantor, in exercising this authority, is referred to as Grantee's attorney in fact. This power of





**PUBLIC OFFERING STATEMENT  
FOR  
MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 6  
SAMPLE TITLE POLICY**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**RESIDENTIAL OWNERS POLICY  
SCHEDULE A**

Policy No.: **PRO FORMA**  
Issued with No.: **N/A**

File No.:

Policy Amount: **\$TO BE INSERTED**

Policy Date: **TO BE RECORDED**

1. Name of Insured:

**NEW PURCHASER'S NAME**

2. The estate or interest in the land which is covered by this Policy is: **Fee Simple**

3. Title to the estate or interest in the land is vested in:

**NEW PURCHASER'S NAME** by virtue of a deed from **Pulte Homes of NJ, Limited Partnership** dated **TO BE INSERTED**, and **TO BE RECORDED**, in the Clerk's Office for the County of Morris, in Book to be recorded, at page to be recorded.

4. The Land referred to in this Policy is described as follows:

Located in: **Town of Morristown, Morris County, New Jersey**

See Schedule A continued

**COUCH BRAUNSDORF INSURANCE-TITLE DEPT**

Countersigned: \_\_\_\_\_  
Authorized Officer or Agent

Issued at:  
P.O. Box 888  
701 Martinsville Road  
Liberty Corner, NJ 07938

Schedule A  
ALTA Residential Owner's Policy (6-1-87)



**SCHEDULE A**  
*(continued)*

File No.:

Policy No.: **PRO FORMA**

**LEGAL DESCRIPTION**

ALL that certain lot, parcel or tract of land, situate and lying in the Town of Morristown, County of Morris, State of New Jersey, and being more particularly described as follows:

**FOR INFORMATIONAL PURPOSES ONLY: Also known as Lot TO BE INSERTED in Block 6005 on the Town of Morristown Tax Map and more commonly known as TO BE INSERTED.**

**SCHEDULE B**

File No.:

Policy No.: PRO FORMA

**EXCEPTIONS**

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. Notwithstanding any provision of the policy to the contrary, the following matters are expressly excluded from the coverage of the policy, and the Company will not pay loss or damage, costs, attorney's fees or expenses that arise by reason of any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the land.
2. Lien of unpaid taxes for the year TO BE INSERTED. Taxes are paid through the TO BE INSERTED quarter of TO BE INSERTED. Subsequent taxes not yet due and payable.
3. Subsurface conditions and/or encroachments not disclosed by an instrument of record.
4. Right of way recorded in Deed Book B66 Page 94.
5. Rights of others recorded in Deed Book P33 Page 177.
6. Covenants, conditions, restrictions, reservations, easements, liens for assessments options, powers of attorney and limitations on title created by the New Jersey Condominium Act (N.J.S.A. 46:8B-1, et seq.); or set forth in the Master Deed of Morristown Maple Condominium, dated \_\_\_\_\_, recorded \_\_\_\_\_ in Deed Book \_\_\_\_\_, Page \_\_\_\_\_, as amended; in the related By-Laws of the Owners Association; in any instrument creating the estate of interest; and in any other allied instrument referred to in any of the instruments aforesaid.

**ENDORSEMENT**  
ATTACHED TO POLICY NUMBER PRO FORMA  
ISSUED BY



File No.: \_\_\_\_\_

Charge: \_\_\_\_\_

Exception No. 1 is removed. Notwithstanding any provision in the policy to the contrary, unless an exception is taken in Schedule B, the policy insures against loss arising from any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title. The following matters shown on a survey made by TO BE INSERTED, dated TO BE INSERTED, are added to Schedule B:

TO BE INSERTED

This policy does not insure against errors or inaccuracies in the survey with respect to matters which do not affect title.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.

**stewart**  
title guaranty company

Chairman of the Board



President

Countersigned:

Authorized Countersignature  
**COUCH BRAUNSDORF INSURANCE-TITLE  
DEPT**  
Company Name  
**Liberty Corner, NJ**  
City, State

Endorsement  
Serial No. - 0000

File No.: 11-37927  
SURVEY ENDORSEMENT

NJR8 5-01  
Effective: 2/15/07

**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**  
**SCHEDULE 7**  
**ESCROW AGREEMENT / REMEDIATION BOND**

THIS PAGE INTENTIONALLY LEFT BLANK

## ESCROW AGREEMENT (Environmental Remediation)

**THIS AGREEMENT** is made this 16 day of April, 2012 by and between PULTE HOMES NJ, LIMITED PARTNERSHIP, having its principal place of business at 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920 (hereinafter referred to as the "Developer") and GIORDANO, HALLERAN & CIESLA, P.C., having an office at 125 Half Mile Road, Suite 300, Red Bank, NJ 07701, Attention: J. Scott Anderson, Esq. (hereinafter referred to as the "Escrow Agent").

### WITNESSETH:

**WHEREAS**, the Developer intends to develop and sell 18 condominium units (each being referred to herein as a "Unit" and collectively as the "Units") which, together with the Common Elements, comprise the condominium known as Morristown Square, a Condominium (the "Condominium"). The Condominium is located on lands in the Town of Morristown, County of Morris (the "Project Site"). The Condominium has been registered with the Department of Community Affairs of the State of New Jersey (the "DCA") pursuant to the Requirements of the Planned Real Estate Development Full Disclosure Act (N.J.S.A. 45:22A-21 et seq.) and the regulations promulgated thereunder; and

**WHEREAS**, as part of the development of the Condominium, the Developer will be undertaking certain remedial environmental work on the lands that constitute the Project Site as certain fill materials placed on the site require remedial environmental work; and

**WHEREAS**, the Developer has retained the services of Melick-Tully and Associates, P.C. to act as the Licensed Site Remediation Professional ("LSRP") to oversee the environmental remediation on the Project Site and Melick-Tully and Associates, P.C. as the LSRP prepared a certain Remedial Action Workplan entitled, "Remedial Action Workplan, Maple Avenue Townhomes Property, NJDEP Case No. 12-03-23-1808-57, Morristown, New Jersey, Pulte Homes of New Jersey, L.P." dated April 10, 2012 (the "RAW") pursuant to which Developer will be undertaking certain environmental remediation activities at the Condominium. Following the completion of the remedial work one or more Response Action Outcome(s) ("RAO") will either be issued by the LSRP overseeing the remedial work for the purpose of confirming that the remediation has been conducted in a satisfactory manner; and

**WHEREAS**, Developer desires to transfer title to the Units to purchasers of the Units prior to the issuance of the RAO; and

**WHEREAS**, the DCA has determined that the Developer may convey Units to purchasers prior to the issuance of the RAO provided that a bond or other guarantee acceptable to the DCA is held by the Escrow Agent in order to ensure the completion of the environmental remediation on the Project Site that is necessary for the issuance of an RAO by the LSRP; and

**WHEREAS**, Developer wishes to establish an escrow arrangement with the Escrow Agent in order to comply with the aforesaid requirements of the DCA; and

**WHEREAS**, the Condominium's Association, a New Jersey non-profit corporation, is named as beneficiary of a certain bond in the amount of \$49,475.00, which bond was issued by Liberty Mutual Insurance Company, dated April 10, 2012 and designated as Bond No. 268002078 (the "Bond"), which Bond has been delivered to the Escrow Agent; and

**WHEREAS**, the amount of the Bond was determined by Melick-Tully and Associates, P.C. Associates pursuant to a certain certified cost estimate (the "Cost Estimate") that is attached hereto as **Exhibit A** which has been reviewed and approved by the DCA.

**NOW, THEREFORE**, the parties agree as follows:

1. The within Escrow Agreement and Bond shall be submitted to the DCA for approval, and upon approval thereof, the within Escrow Agreement shall become operative.
2. The Escrow Agent agrees to act as such for the Developer pursuant to the requirements of the DCA and to hold the Bond in escrow, upon the following terms and conditions, until authorized to deliver the Bond upon the occurrence of one of the following:
  - i. The issuance of an RAO by the LSRP for the Project Site in which event the Escrow Agent is directed to deliver the Bond to the Developer for cancellation;
  - ii. The Escrow Agent's receipt of a replacement Bond or other guarantee acceptable to the DCA in an amount equal to an updated estimate of the cost to complete the remediation work on the Project Site in which event the Escrow Agent is directed to deliver the Bond to the Developer for cancellation;
  - iii. The issuance of an order by the DCA requiring the delivery of the Bond to the Board of Directors of the Condominium's Association by reason of the Developer's failure to complete the remediation on the Project Site so that the LSRP will issue the RAO in which event the Escrow Agent is directed to deliver the Bond to the Condominium's Association unless the DCA's order that the Bond be so delivered is contested by the Developer in which event the Escrow Agent shall continue to hold the Bond until directed to deliver the Bond by a Court of competent jurisdiction after all administrative appeals have been pursued, subject to Escrow Agent's right to submit the Bond to a Court of competent jurisdiction at an earlier time; or
  - iv. The failure of the Developer to complete the remediation on the Project Site by December 31, 2018 so that the LSRP will issue the RAO, in which event the Escrow Agent is directed to deliver the Bond to the Condominium's Association.

3. This Escrow Agreement shall be in full force and effect until the first occur of the following:
  - a. The delivery of the Bond by Escrow Agent in accordance with Section 2 of this Escrow Agreement; or
  - b. It is terminated by either party upon 15 days prior written notice delivered to the other party and the DCA, provided that notwithstanding such notice, it shall continue in full force and effect until a qualified substitute Escrow Agent has been appointed and has accepted the appointment, and has been approved by the DCA.
4. The Developer may reduce the amount of the Bond upon the DCA approving a new certified cost estimate for the completion of the environmental remediation on the Project Site that is necessary for the issuance of an RAO by the LSRP.
5. The Escrow Agent shall not be responsible or liable in any manner whatsoever for the sufficiency, validity or genuineness of the Bond deposited with it.
6. The Escrow Agent shall be protected in acting upon a written notice, request, waiver, consent, receipt or other paper or document furnished to it, and purporting to be signed by the party entitled to give such document, not only as to its due execution of the validity and effectiveness of its provisions, but also as to the veracity of any information therein contained which the Escrow Agent, in good faith believes to be genuine and what it purports to be.
7. Except for gross negligence or willful misconduct, the Escrow Agent shall not be liable for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law. Developer agrees to indemnify and hold harmless the Escrow Agent against and in respect of any and all claims, suits, actions, proceedings, investigations, judgments, liabilities, losses and legal and other expenses (including legal fees and expenses of attorneys chosen by the Escrow Agent, including, without limitation, the Escrow Agent as its own attorney) arising in connection with the performance or nonperformance by the Escrow Agent of any of its duties hereunder, except as a result of the Escrow Agent's gross negligence or willful misconduct.
8. The Escrow Agent may consult with and obtain advice from legal counsel (including, without limitation, itself as its own legal counsel) in the event of any questions as to any of the provisions hereof or its duties hereunder, and the Escrow Agent shall incur no liability and shall be fully protected in acting in good faith in accordance with the opinion and instructions of such counsel.
9. The Escrow Agent is not a party to any other agreement related to the subject matter hereof and shall have no duties except those which are expressly set forth herein.
10. In the event of any disagreement between any of the parties hereto, or between them or either of them and any other person, resulting in demand or adverse claims being made in connection with or for the Bond, the Escrow Agent shall be entitled, at its discretion, to refuse to comply with any demands or claims on it, as long as such disagreement shall continue, and in so



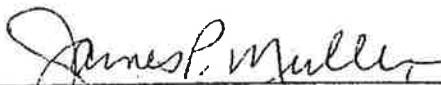
refusing, the Escrow Agent may make no delivery or other disposition of the Bond, and in so doing the Escrow Agent shall not be or become liable in any way or to any person or party for its failure or refusal to comply with such conflicting demands or adverse claims, and it shall be entitled to continue so to refrain from acting and so to refuse to act until the right of such persons or parties shall have been finally adjudicated in a court having jurisdiction over the Bond or all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing signed by all persons and parties interested.

11. The Escrow Agent may resign at any time upon five days advance written notice to Developer. If no successor escrow agent has been appointed and has accepted the Bond within five days after such notice is sent, all responsibilities of the Escrow Agent shall, nevertheless, cease. The Escrow Agent's sole responsibility thereafter shall be to use the Escrow Agent's reasonable efforts to keep safely the Bond and to deliver the Bond as may be directed in writing by Developer and or by a final judgment of a court. If the Escrow Agent is threatened with litigation or is sued, the Escrow Agent may interplead all interested parties in any court of competent jurisdiction and deposit the Bond with the clerk of that court.

12. Miscellaneous. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns. This agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This agreement shall be governed by the laws of the State of New Jersey.

**IN WITNESS WHEREOF**, the parties hereto have set their hands and seals the date aforesaid.

**Witness:**

  
James P. Mullen, Assistant Secretary

**Developer:**

**Pulte Homes of NJ, Limited Partnership**  
**By: Pulte Home Corporation of the Delaware Valley, its general partner**


By:   
Adam Schueftan, Vice President

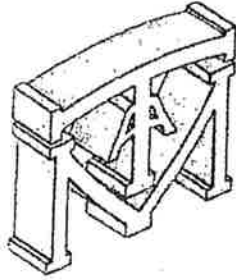
**Witness:**

  
Cynthia Chupca

**Escrow Agent:**

**Giordano, Halleran & Ciesla, P.C.**

By:   
J. Scott Anderson, Esq.



**MELICK-TULLY  
AND ASSOCIATES, P.C.**  
GEOTECHNICAL ENGINEERS AND  
ENVIRONMENTAL CONSULTANTS

**Principals:**  
RAYMOND J. TULLY, P.E.  
EUGENE M. GALLAGHER JR., P.E.  
ROBERT E. SCHWANKERT, P.E.  
TODD E. HOROWITZ, P.E.  
MARK R. DENNO, P.E.

**Senior Associates:**  
RICHARD D. LEV, CPG  
JAMES H. BEATTIE, P.E.

**Associates:**  
CHRISTOPHER P. TANSEY, P.E.

April 9, 2012

Pulte Homes of New Jersey L. P.  
222 Mount Airy Road, Suite 210  
Basking Ridge, New Jersey 07920

Attention: Mr. Rob Holmes  
Vice President Land Planning and Development

Re: **Engineered Cap Cost Estimate**  
**Maple Avenue Townhomes Property**  
**7 Maple Avenue (Block 6005, Lot 10)**  
**Case No. 12-03-23-1808-57**  
**Morristown, New Jersey**  
**Pulte Homes of New Jersey, L.P.**

Dear Mr. Holmes:

As requested, this letter presents a summary of estimated costs required to construct the engineered cap required for the Maple Avenue Townhomes property located in Morristown, New Jersey. The subject property is located between Maple Avenue and MacCulloch Avenue, and is identified as Block 6005, Lot 10 on the municipal tax map.

Pulte Homes of New Jersey L.P. has retained a Licensed Site Remediation Professional (LSRP) from MTA to oversee the remedial activities required for the Maple Avenue Townhomes property, including capping of historic fill materials that will remain on-site in accordance with a Remedial Action Workplan (RAW) prepared by the LSRP for the property. The RAW proposes the use of engineering and institutional controls to address the historic fill, including an engineered cap consisting of concrete floor slabs and sidewalks, asphalt paved roadways and landscaped lawn areas, and a Deed Notice. The proposed remedial actions are consistent with NJDEP guidance as a presumptive remedy for historic fill. The soil cap in landscaped lawn areas will consist of 6-inches of topsoil and 6-inches of clean fill placed upon a geotextile visual indicator (Mirafi 140 N, or equivalent).

After the construction of the engineered cap is completed, a Deed Notice will be executed for the property, and a Remedial Action Soil Permit will be obtained from NJDEP to enable preparation of a final Remedial Action Report (RAR) that will be submitted to NJDEP. Following submission of the final RAR, the LSRP will issue a restricted use "Response Action

Please Reply to:

NY OFFICE: 117 Canal Road, South Bound Brook, NJ 08880 / Phone: (732) 356-3400 Fax: (732) 356-9054  
NY OFFICE: 324 Route 208, Monroe, NY 10950 / Phone: (845) 783-9190 Fax: (845) 783-5060

EXHIBIT A

Outcome" declaration for the property. The Deed Notice will require future biennial monitoring of the engineered cap.

Our review of the recent correspondence from the municipal engineer indicates that the Town of Morristown will require establishment of a bond of approximately \$641,750 to enable construction of site improvements related to the project, including site grading and earthwork, utility infrastructure including potable water and sanitary sewers and storm water improvements. A copy of the correspondence is attached. The bond includes approximately \$96,100 for construction of portions of the engineered cap, including concrete sidewalks (4-inch thick concrete and 4-inch thick stone subbase), and asphalt pavement consisting of 4-inches of stone subbase and 4.5 inches of asphalt.

A summary of the estimated costs to complete the remaining portions of the engineered cap (soil/topsoil) and reporting to NJDEP by the LSRP is presented below:

Work Item	Unit Cost	Estimated Units	Estimated Costs
Geotextile fabric installation	\$2.70/sq. yd.	4,902 sq. yds.	\$13,235
Import and place 6" certified clean fill	\$12/cu. yd.	820 cu. yds.	\$9,840
Import and place 6" topsoil	\$20/cu. yd.	820 cu. yd.	\$16,400
Execution of Deed Notice	T & E	NA	\$2,500
Preparation of RASP and Final RAR	T & E	NA	\$7,500
<b>Estimated Total Cost:</b>			<b>\$49,475</b>

Notes: T&E Time and expenses  
NA Not Applicable

Please contact us if you have any questions regarding this information.

Very truly yours,

MELICK TULLY and ASSOCIATES, P.C.

  
Richard D. Lev, C.P.C., LSRP  
Senior Associate

  
Eugene M. Gallagher, Jr., P.E.  
Vice President

RDL/EMG/r1  
5952-037\*1E  
(2 copies submitted)  
Attachments  
cc: Scott Anderson, Esq.  
Ms. Ann Marie McVay

1373 BROAD STREET SUITE 306, CLIFTON, NJ 07013-4231  
(973) 614-0005 \* fax (973) 614-0025 \* www.tandmassociates.com



MOPB-R0510

March 15, 2012

Chairman & Board Members  
Town of Morristown Planning Board  
200 South Street  
Morristown, NJ 07963-0914

Attn: John Fugger, Zoning Officer

Re: Performance Bond Estimate  
Pulte Homes of NJ, L.P.  
Amended Preliminary and Final Site Plan and  
Block 6005, Lot 10  
Application #08-04

Dear Chairman & Board Members:

As requested we have prepared a performance bond estimate for the above referenced project (copy attached). The performance bond estimate for improvements associated with the final site plan is \$641,749.80. The applicant is required to post 10% of the total performance bond estimate in cash (\$64,174.98) and 90% of the guarantee in a form of surety acceptable to the Town (\$577,574.82).


In addition to the bond estimate presented above, the applicant shall post inspection fees in the amount of 5% of the improvements (\$32,087.49).

The above referenced bond fees should be posted prior to signing the site plan.

Prior to initiating site improvements for the project, the site contractor will be required to attend a preconstruction meeting with our office.

If you have any questions or require additional information, please call.

Very truly yours,  
T&M ASSOCIATES  
DOMINIC B. CARRINO, P.E.  
TOWN OF MORRISTOWN PLANNING BOARD ENGINEER

  
ANTONIOS PANAGOPOULOS, P.E., C.M.E.  
ASSOCIATE/PRINCIPAL ENGINEER

DBC:AP:sp  
Enclosure

Cc: Mathew Stechauner, Clerk  
Fritz Reuss, Construction Official  
Jeff Hartke, Town Engineer  
Michael Rodgers, Administrator  
Jim Mullen, Applicant (JimMullen@PulteGroup.com)

K:\MOPB\R0510\Correspondence\Fugger\_AP\_PerformanceBondEst\_Cover.docx

ENGINEERS \* PLANNERS \* LANDSCAPE ARCHITECTS \* ENVIRONMENTAL SCIENTISTS \* SURVEYORS  
CIVIL \* ELECTRICAL \* ENVIRONMENTAL MECHANICAL \* MUNICIPAL \* SITE \* SOLID WASTE \* STRUCTURAL \* TRAFFIC \* TRANSPORTATION  
CORPORATE HEADQUARTERS IN HIDDLETON, N.J. / REGIONAL OFFICES: TUMS RIVER, NJ; HOGRESTOWN, NJ; PLYMOUTH MEETING, PA; and SAN JUAN, PUERTO RICO

PROPOSED CONSTRUCTION COST ESTIMATE  
 MAPLE AVENUE TOWNHOMES  
 OEA No. 030810.4  
 TOWN OF MORRISTOWN  
 DATE: DECEMBER 2011

BASED ON PLANS REVISED THROUGH 12/27/11

ITEM No.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	ITEM TOTAL
<b>1. PAVEMENT</b>					
1.1	2" THK. HMA SURFACE PAVEMENT, 9.5M84	S.Y.	2359	\$12.00	\$28,308.00
1.2	4" THK. HMA. BASE COURSE PAVEMENT, 12.5M64	S.Y.	2359	\$18.00	\$37,744.00
1.3	4" THK. DGA	S.Y.	2359	\$8.50	\$15,333.50
<b>2. POTABLE WATER AND SANITARY SEWER</b>					
2.1	4" DIP, CL 52 (DOMESTIC)	L.F.	600	\$35.00	\$21,000.00
2.2	6" DIP, CL 52 (FIRE)	L.F.	30	\$40.00	\$1,200.00
2.3	8" DIP, CL 52 (DOMESTIC)	L.F.	350	\$45.00	\$15,750.00
2.4	WATER METER / PIT	EACH	1	\$15,000.00	\$15,000.00
2.5	4" BACKFLOW PREVENTER	EACH	2	\$750.00	\$1,500.00
2.6	8" PVC SANITARY	L.F.	682	\$30.00	\$20,780.00
2.7	SANITARY MANHOLE	EACH	7	\$2,750.00	\$19,250.00
2.8	CONNECTION TO EXISTING	EACH	1	\$1,000.00	\$1,000.00
<b>3. STORMWATER</b>					
3.1	15" HDPE	L.F.	570	\$20.00	\$11,400.00
3.2	15" HDPE RECHARGE	L.F.	408	\$35.00	\$14,280.00
3.3	12" HDPE	L.F.	682	\$18.00	\$12,276.00
3.4	INLET, TYPE B	EACH	4	\$2,750.00	\$11,000.00
3.5	INLET, TYPE D	EACH	3	\$2,000.00	\$6,000.00
3.6	INLET DOUBLE, TYPE D	EACH	1	\$3,950.00	\$3,950.00
3.7	CONTROL INLETS	EACH	4	\$3,750.00	\$15,000.00
3.8	STORM MANHOLE	EACH	0	\$0.00	\$0.00
3.9	CONVERT MANHOLE TO NLET & INLET TO MANHOLE	EACH	0	\$0.00	\$0.00
3.1	CONNECTION TO EXISTING SYSTEM	EACH	0	\$0.00	\$0.00
<b>4. CONCRETE</b>					
4.1	CURBING	L.F.	1800	\$12.00	\$21,600.00
4.2	CONCRETE SIDEWALK, 4" THICK	S.F.	2240	\$4.00	\$8,960.00
4.3	REINFORCED CONCRETE APRON, 6" THICK	S.F.	860	\$8.00	\$6,880.00
4.4	CONCRETE PAVERS, PERVIOUS	S.F.	0	\$8.00	\$0.00
4.5	CONCRETE PAVERS, IMPERVIOUS	S.F.	0	\$8.00	\$0.00
<b>5. MISCELLANEOUS</b>					
5.1	CLEARING OF SITE/EARTH-WORK	LS	1	*****	\$100,000.00
5.2	SOIL CONSERVATION, SITE	LS	1	\$8,500.00	\$8,500.00
5.3	PERENNIALS	LS	1	\$2,200.00	\$2,200.00
5.4	SHRUBBERY	EACH	484	\$40.00	\$19,360.00
5.5	SHADE /DECIDUOUS TREES	EACH	9	\$500.00	\$4,500.00
5.6	EVERGREEN TREE	EACH	0	\$350.00	\$0.00
5.7	PARKING LOT STRIPING	LS	0	\$0.00	\$0.00
5.8	TRAFFIC/PARKING SIGNS W/POST	EACH	8	\$200.00	\$1,200.00
5.9	RETAINING WALL, MODULAR BLOCK	S.F.S.A.	850	\$28.00	\$21,280.00
5.10	RETAINING WALL, OTHER	S.F.S.A.	2677	\$30.00	\$80,310.00
5.11	SITE LIGHTING-NEW	EACH	4	\$2,500.00	\$10,000.00

TOTAL= \$634,791.50

120% PER M.L.U.L.= \$841,749.80

90% SURETY= \$577,574.82

10% CASH= \$84,174.88

5% ENGINEERING INSPECTION FEE= \$32,087.49

## PERFORMANCE SURETY BOND

BOND No. 268002078

We, Pulte Homes of NJ, Limited Partnership, having offices at 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920-2335, as principal, and Liberty Mutual Insurance Company, having offices at 2815 Forbs Avenue, Ste. 102, Hoffman Estates IL 60192, a corporation duly licensed to transact a surety business in the State of New Jersey, as surety, are indebted to Morristown Square Condominium Association, Inc., a New Jersey non-profit corporation, having a current address of c/o 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920-2335, Obligee, in the sum of Forty Nine Thousand Four Hundred Seventy Five (\$49,475.00) Dollars, for which payment we bind ourselves and our respective heirs, legal representatives, successors, and assigns, jointly and severally.

Melick-Tully and Associates, P.C., the licensed site remediation professional overseeing the environmental remediation ("LSRP"), prepared a certain Remedial Action Workplan ("RAW") as follows:

- Remedial Action Work Plan, Maple Avenue Townhomes Property, NJDEP Case No. 12-03-23-1808-57, Morristown, New Jersey, Pulte Homes of New Jersey, L.P., dated April 10, 2012.

The RAW provides for the environmental remediation of the property upon which the Condominium is to be developed under the applicable laws and regulations of the State of New Jersey. The estimate by the engineer that prepared the RAW for the cost of the portion of the environmental remediation in accordance with the RAW not otherwise covered by another surety is attached hereto and made a part hereof.

Pursuant to certain requirements of the State of New Jersey, Department of Community Affairs ("DCA"), which has jurisdiction over the Condominium pursuant to the Planned Real Estate Development Full Disclosure Act (N.J.S.A. 45:22A-21 *et seq.*), the principal hereby furnishes a performance surety bond in the amount of \$49,475.00, written by Liberty Mutual Insurance Company, a surety licensed in the State of New Jersey, guarantying the full and faithful completion of the environmental remediation of the property to be developed with the Condominium in accordance with the RAW, which completion will be deemed to have occurred upon the LSRP's issuance of a Response Action Outcome ("RAO"). This bond shall remain in full force and effect until such time as the RAO(s) has been issued by the LSRP and the termination of the bond has been approved by the DCA, unless obligee agrees to its earlier termination. The amount of this bond may be reduced from time to time, upon completion of certain components of the environmental remediation work in accordance with the RAW, and the acknowledgment of such completion by the LSRP and DCA, provided that the amount of the bond remaining shall be sufficient to secure the balance of the environmental remediation (excluding any components of which are otherwise covered by another surety) in accordance with the RAW and in accordance with the then current estimate by the LSRP.

This bond is issued subject to the following expressed conditions:



1. This bond shall not be subject to cancellation either by the principal or by the surety for any reason until the RAO(s) has been issued by the LSRP and the bond has been approved for cancellation by the DCA, unless the obligee agrees to an earlier cancellation.

2. This bond shall be deemed to be continuous in form and shall remain in full force and effect until Condition No. 1, above, has been met or until the bond is replaced by another bond meeting the requirements of the DCA. Upon the LSRP's issuance of the RAO(s) and the DCA's approval of the cancellation of this bond, upon replacement of this bond by another bond, or as the obligee may otherwise sooner agree, liability under this bond shall cease. Upon approval by the LSRP of some, but not all, of the required environmental remediation activities in accordance with the RAW and acknowledgment of the same by the DCA, partial release from the bond shall be granted; provided, however, that the portion of the bond amount sufficient to secure the completion of the environmental remediation (excluding any components of which are otherwise covered by another surety) shall continue in effect.

3. The aggregate liability of the surety shall not exceed the sum set forth above.

4. In the event that the environmental remediation in accordance with the RAW is not completed by the principal, the obligee may, at its option, and upon at least 30 days prior written notice to the principal, the DCA and the surety by personal delivery or by certified or registered mail or courier, declare the principal to be in default and, in the event that the surety fails or refuses to complete the work in accordance with the terms and conditions of the RAW, claim payment under this bond for the cost of the completion of the environmental remediation (excluding any components of which are otherwise covered by another surety) in accordance with the RAW. In the event that any action is brought against the principal under this bond, written notice of such action shall be given to the surety by the obligee by personal delivery or by registered or certified mail.

5. The surety shall have the right to complete the work in accordance with the terms and conditions of the RAW, provided, however, that the surety, in its sole discretion, may make a monetary settlement with the obligee as an alternative to completing the environmental remediation work.

In the event that the principal and the LSRP agree to changes in the scope of the environmental remediation necessary to obtain the RAO(s), the obligations of the surety under this bond shall not be affected so long as the cost of the remaining environmental remediation work not otherwise covered by another surety does not exceed the estimate, attached hereto and made a part hereof, which shall be the limit of the surety's obligation under this bond in any case. If the cost of the remaining environmental remediation work (excluding any components of which are otherwise covered by another surety) exceeds the estimate attached hereto, the principal shall secure a rider from a surety for the additional amount; provided, however, that this provision shall not be construed as requiring a surety to provide additional coverage.

6. This bond shall insure to the benefit of the obligee only, and no other party shall acquire any rights hereunder.



In the event that this bond shall for any reason cease to be effective prior to the completion of the environmental remediation pursuant to the RAW and issuance of the RAO(s) by the LSRP, a cease and desist order may be issued for the environmental remediation, in which case all environmental remediation work shall stop until such time as replacement guarantee acceptable to the DCA becomes effective.

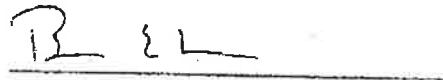
7. The principal, surety and obligee acknowledge that this bond will be held in escrow by the law firm of Giordano Halleran & Ciesla, P.C., having an office at 125 Half Mile Rd, Middletown, NJ 07748 (Attn: Scott Anderson, Esq.) on behalf of the obligee. Any notice served upon the said parties by another of said parties, shall also be served upon the escrow agent.

Pulte Homes of NJ, Limited Partnership  
(Principal)

WITNESS/ATTEST:



Dory Malouf



Bruce E. Robinson, VP & Treasurer

Liberty Mutual Insurance Company  
(Surety)

WITNESS/ATTEST:



Mary Birch



Robert Porter, Attorney-in-Fact

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

5074383

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY  
BOSTON, MASSACHUSETTS  
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint STEVEN M. COOK, BRUCE E. ROBINSON, OORY MALOUP, COLETTE R. ZUKOFF, SUZANNE TREPPA, ROBERT PORTER, JAN M. KLYM, NICOLE M. OCHOJIK, DAVID J. FURSTENBERG, MICHAEL J. SCHWENINGER, BRIEN O'MEARA, ALL OF THE CITY OF BLOOMFIELD, STATE OF MICHIGAN.....

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding TWO MILLION, FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$ 2,500,000.00 ) each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, David M. Carey, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this day of 4th day of January 2012



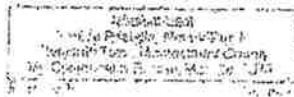
LIBERTY MUTUAL INSURANCE COMPANY

By David M. Carey  
David M. Carey, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss  
COUNTY OF MONTGOMERY

On this 4th day of January 2012, before me, a Notary Public, personally came David M. Carey, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



By Teresa Pastella  
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 10th day of April 2012.



By Gregory W. Davenport  
Gregory W. Davenport, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

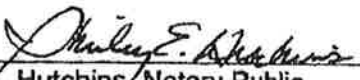
Attorney call 1-810-822-8240 to confirm the validity of this Power of Attorney

**ACKNOWLEDGEMENT BY SURETY**

STATE OF MICHIGAN )  
 )ss.  
COUNTY OF OAKLAND)

On this 10th Day of April, 2012, before me, a Notary Public in and for said State, personally appeared Robert Porter who acknowledges himself to be Attorney-in-Fact for Liberty Mutual Insurance Company, the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation executed the same.

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Shirley E. Hutchins, Notary Public  
Wayne County, Michigan  
Acting in Oakland County, Michigan  
My Commission Expires: March 30, 2017

SHIRLEY E. HUTCHINS  
NOTARY PUBLIC, STATE OF MI  
COUNTY OF WAYNE  
MY COMMISSION EXPIRES Mar 30, 2017  
ACTING IN COUNTY OF *Oakland*



**PUBLIC OFFERING STATEMENT**  
**FOR**  
**MORRISTOWN SQUARE, A CONDOMINIUM**

**SCHEDULE 8**  
**ESCROW AGREEMENT AND CERTIFICATION**

THIS PAGE INTENTIONALLY LEFT BLANK

**CERTIFICATION OF ESCROW AGENT**

**KNOW ALL MEN BY THESE PRESENTS**, that that Giordano, Halleran & Ciesla, P.C. (the "Escrow Agent"), having an address at 125 Half Mile Road, Suite 300, Red Bank, New Jersey 07701, does hereby certify that:

**WHEREAS**, Giordano, Halleran & Ciesla, P.C. is acting as the Escrow Agent in relation to the project known as Morristown Square, a Condominium (the "Project");

**WHEREAS**, Escrow Agent is an independent legal entity, unrelated through principals or otherwise to Pulte Homes of NJ, Limited Partnership ("Sponsor");

**WHEREAS**, Escrow Agent will hold and release any and all deposit monies deposited with Escrow Agent in accordance with the terms of any purchase agreements executed by and between Sponsor and contract purchasers of Units in the Project and that certain Escrow Agreement executed by and between Sponsor and Escrow Agent dated April 10, 2012 and attached hereto; and

**WHEREAS**, upon information and belief said Escrow Agreement must be approved by the Department of Community Affairs ("DCA") prior to registration of the Project by the DCA; and

**WHEREAS**, upon information and belief said registration is conditioned upon this certification.

**IN WITNESS WHEREOF**, Escrow Agent has caused these presents to be duly signed this 10 day of April, 2012.

WITNESS:

ESCROW AGENT:

Giordano, Halleran & Ciesla, P.C.

Cynthia Chupcovich

By: J. Scott Anderson  
J. Scott Anderson

## ESCROW AGREEMENT

THIS AGREEMENT is made on this 10 day of April 2012, by and between Pulte Homes NJ, Limited Partnership, having an office at 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920 (hereinafter the "Sponsor") and Giordano, Halleran & Ciesla, P.C., having an address of 125 Half Mile Road, Suite 300, Red Bank, NJ 07701 (hereinafter the "Escrow Agent").

### WITNESSETH:

WHEREAS, the Sponsor is the developer of a condominium community located in the Town of Morristown, County of Morris, State of New Jersey known as Morristown Square, a Condominium (hereinafter the "Project"); and

WHEREAS, Sponsor has submitted the land on which the Project has been and is to be constructed to that certain Master Deed recorded, or to be recorded, in the Morris County Clerk's Office, as same has been, may now be, or hereafter, be lawfully amended; and

WHEREAS, the regulations issued pursuant to the Planned Real Estate Development Full Disclosure Act of the State of New Jersey (N.J.S.A. 45:22A-21 et seq. and N.J.A.C. 5:26-1.1 et seq., hereinafter referred to as the "Regulations") require that all deposits or money paid under a contract or agreement relating to the sale of units within a planned real estate development shall be held in escrow until closing or termination of the contract or agreement; and

WHEREAS, the Sponsor intends by this Agreement to establish a procedure with the Escrow Agent so as to comply with the aforesaid requirements of the Regulations.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Giordano, Halleran & Ciesla P.C. agrees to act as Escrow Agent for the Sponsor pursuant to the requirements of the Regulations, upon the following terms and conditions:
  - a. The Escrow Agent maintains an attorney trust account, under the name "Giordano, Halleran & Ciesla, P.C. Attorney Trust Account" with Provident Bank, 1580 Highway 35 South, Middletown, New Jersey 07748;
  - b. Upon the receipt of the Sponsor of an executed contract of sale relating to any of the remaining units in the Project and a deposit in connection therewith, the deposit shall be deposited into the Escrow Account;
  - c. The Escrow Agent, on behalf of the Sponsor, may withdraw said escrowed funds in conformity with the requirements of the Regulations and only upon written notice to the Escrow Agent of the amounts to be withdrawn and the contracts(s) to which withdrawal applies; and
  - d. The Sponsor shall promptly after each closing of a unit furnish to the Escrow Agent a copy of the closing statement signed by the purchaser which indicates that the deposit has been credited against the purchase price of the unit, whereupon the escrow shall be terminated with respect to that particular deposit.



2. This Escrow Agreement shall remain in full force and effect until the first to occur of the following: (a) all sums deposited into the said Escrow Account have been paid to the party entitled to, or (b) the Escrow Agreement is terminated by either party upon fifteen (15) days written notice to the other party provided, however that despite such notice it shall continue in full force and effect until a qualified substituted Escrow Agent has been appointed, has accepted the appointment, and has been approved by the Division of Codes and Standards of the Department of Community Affairs.

3. The Sponsor acknowledges that the Escrow Agent is acting solely as a stakeholder at its request and for its convenience, that the Escrow Agent shall not be deemed to be the agent of the Sponsor, and that the Escrow Agent is serving solely as an accommodation to the parties, and except for gross negligence or willful misconduct of the Escrow Agent, the Escrow Agent shall have no liability of any kind whatsoever arising out of or in connection with its activity as Escrow Agent. The Sponsor shall indemnify, defend and hold the Escrow Agent from and against all out-of-pocket costs, claims and expenses incurred in connection with the performance of Escrow Agent's duties under this Agreement.

4. In the event of any litigation between the Sponsor and a purchaser, the Escrow Agent may deposit the escrow with the clerk of the court in which such litigation is pending. Upon the making of such deposit, the Escrow Agent shall be relieved of its duties hereunder and shall have no liability thereafter to any party whatsoever.

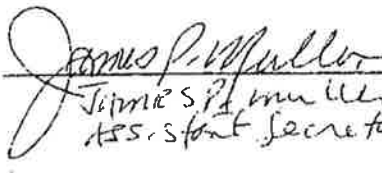
5. It is expressly agreed that this Agreement is for the sole benefit of the parties hereto and shall not be construed or deemed to have been made for the benefit of any third party or parties.

6. This Agreement and the obligations of the parties hereunder shall be interpreted, construed and enforced in accordance with the laws of the State of New Jersey.

7. This Agreement contains the entire understanding between the parties hereto. No variations, modifications or changes hereto shall be binding upon any party hereto.

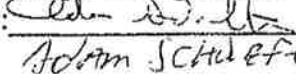
IN WITNESS WHEREOF, the parties hereto have set their hands as of the date first above written.

WITNESS:

  
James S. Muller  
Ass. S. for Secretary

SPONSOR: Pulte Homes NJ, Limited Partnership

By: Pulte Homes Corporation of the Delaware Valley, its general partner

By:   
Adam Schreffler Vice President

WITNESS:



ESCROW AGENT: Giordano, Halleran & Ciesla, P.C.


By:   
J. Scott Anderson

EXHIBIT E

BY-LAWS OF

MORRISTOWN SQUARE CONDOMINIUM ASSOCIATION, INC.

**TABLE OF CONTENTS**

<u>ARTICLE</u>		<u>PAGE</u>
I	<b><u>GENERAL INFORMATION</u></b>	
	1.1 Purpose.....	1
	1.2 Definitions.....	1
	1.3 Location .....	1
	1.4 Fiscal Year .....	1
II	<b><u>MEMBERSHIP AND VOTING RIGHTS</u></b>	
	2.1 Members .....	1
	2.2 Member in Good Standing.....	1
	2.3 Associate Members.....	2
	2.4 Change in Membership.....	2
	2.5 Rights of Members.....	2
	2.6 Suspension of Rights.....	2
	2.7 Member's Contribution to Association Working Capital.....	3
	2.8 Votes .....	3
III	<b><u>BOARD OF TRUSTEES</u></b>	
	3.1 Qualifications.....	3
	3.2 Number .....	4
	3.3 Transition Elections.....	4
	3.4 Term of Office .....	5
	3.5 Removal of Trustees .....	6
	3.6 Vacancies .....	6
IV	<b><u>MEETINGS OF MEMBERS</u></b>	
	4.1 Place of Meetings.....	6
	4.2 Annual Meetings.....	7
	4.3 Special Meetings.....	7
	4.4 Notice of Meetings.....	7
	4.5 Majority, Quorum and Adjourned Meetings .....	8
	4.6 Conduct of Meetings.....	8

	4.7 Voting on Questions .....	8
	4.8 Voting in Elections of Trustees.....	9
	4.9 Voting by Mail.....	9
	4.10 Proxies.....	10
	4.11 Examiners .....	10
	4.12 Order of Business.....	11
V	TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES	
	5.1 Provisions on Behalf of the Sponsor.....	11
	5.2 Meetings of the Board; Notices; Waiver of Notice .....	12
	5.3 Quorum and Adjourned Meetings .....	14
	5.4 Non-Waiver.....	15
	5.5 Consent in Lieu of Meeting and Vote.....	15
VI	POWERS AND DUTIES OF THE BOARD OF TRUSTEES	
	6.1 General Powers and Privileges .....	15
	6.2 Duties and Responsibilities.....	17
VII	FISCAL MANAGEMENT	
	7.1 Association Budget.....	21
	7.2 Common Expense Assessment .....	22
	7.3 Determination of Annual Common Expense.....	22
	7.4 Disbursements.....	22
	7.5 Depositories .....	22
	7.6 Types of Accounts .....	22
	7.7 Reserve Funds.....	24
	7.8 Notice; Automatic Budget Increase; Emergencies .....	24
	7.9 Enforcement of Maintenance Fee Payments and Penalties for Late Payment .....	25
	7.10 Interest and Counsel Fees .....	27
	7.11 Annual Audit.....	27
	7.12 Availability of Constituent Documents and Examination of Books.....	27

VIII	OFFICERS	
	8.1 Designation .....	28
	8.2 Election of Officers .....	28
	8.3 Removal of Officers .....	28
	8.4 Duties and Responsibilities of Officers .....	28
	8.5 Other Duties and Powers .....	29
IX	COMPENSATION, INDEMNIFICATION AND EXCULPATION	
	9.1 Compensation .....	29
	9.2 Indemnification .....	29
	9.3 Exculpation .....	30
X	JUDICIARY COMMITTEE	
	10.1 Powers .....	30
	10.2 Procedures .....	30
XI	ENFORCEMENT	
	11.1 Methods and Procedures .....	31
	11.2 Waiver .....	32
XII	AMENDMENTS TO BY-LAWS	
	12.1 Amendment by Board .....	32
	12.2 Amendment by Members .....	32
XIII	CONFLICT; INVALIDITY	
	13.1 Conflict .....	33
	13.2 Invalidity .....	33
XIV	STATUTORY COMPLIANCE .....	33
XV	CORPORATE SEAL .....	33

**ARTICLE I**

**GENERAL INFORMATION**

1.1 **Purpose.** These By-Laws are intended to govern the administration of Morristown Square Condominium Association, Inc. (also referred to hereinafter as the "Association"), a non-profit corporation organized under Title 15A of the New Jersey Statutes, and to provide for the management, administration, use and maintenance of the Common Elements described in the Master Deed for Morristown Square, a Condominium.

1.2 **Definitions.** Unless context clearly indicates otherwise, all definitions set forth in such Master Deed for Morristown Square, a Condominium are incorporated herein by reference.

1.3 **Location.** The principal office of the Association is or will be located at c/o 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920-2335.

1.4 **Fiscal Year.** The fiscal year of the Association shall be determined by the Board of Trustees; however, initially the fiscal year shall be the calendar year.

**ARTICLE II**

**MEMBERSHIP AND VOTING RIGHTS**

2.1 **Members.** Every person or entity which is a record Owner or co-Owner of the fee title to any Unit in Morristown Square, a Condominium shall automatically be a member of the Association, unless that person or entity holds such title merely as a security interest for the performance of an obligation (included but not limited to Mortgagees). Despite the foregoing, the Sponsor will have one vote for each prospective or completed Unit.

The provisions of these By-Laws shall be applicable to and binding upon all Owners of Units within the Condominium community as said Condominium is presently defined in the Master Deed for Morristown Square, a Condominium, recorded or about to be recorded in the Morris County Clerk's Office, and as said Master Deed shall be amended from time to time in the future. Specifically, all Owners of Units in the Condominium, and all future Owners of Units upon resale, shall be subject to the regulations set forth in these By-Laws.

2.2 **Member in Good Standing.** A Member shall be deemed to be in good standing if, and only if, he shall have fully paid all installments due for assessments made or levied against him and his Unit by the Board as hereinafter provided, together with all interest, costs, attorney's fees and other expenses if any, properly chargeable to him and to his Unit. Any date set forth in

these By-Laws for determining good standing for voting purposes shall be deemed supplemental to and not in place of the record date provisions of N.J.S.A. 15A:5-7.

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

2.4 Change in Membership. Membership in the Association is appurtenant to the Ownership of a Unit or Units. Therefore, upon recording with the Morris County Clerk a Deed or other instrument establishing a new record title to a Unit, and the delivery to the Secretary of the Association of a notice of the new record title, together with such sums of money required for the payment of the Association's working capital contribution, a change in membership shall be made in the records of the Association and the membership of the prior Unit Owner shall be terminated thereby.

2.5 Rights of Members. Every Member in good standing in the Association, pursuant to the provisions of the Certificate of Incorporation, the Master Deed and these By-Laws, shall have the privileges of use and enjoyment of the Common Elements subject to the rights of the Association to:

- A. Promulgate rules and regulations governing such use and enjoyment; and
- B. Suspend the use and enjoyment of the Common Elements as provided herein and in the Master Deed.

2.6 Suspension of Rights. The membership and voting rights of any Member may be suspended by the Board for any period during which any type of assessment against the Unit to which his membership is appurtenant remains unpaid, but upon payment of such assessments and any interest accrued thereon, the Member's rights and privileges shall be restored immediately and automatically.

Further, if rules and regulations governing the use of the Common Elements and the conduct of persons thereon have been established as authorized in the By-Laws, the rights and privileges of any person in violation thereof or in violation of any non-monetary covenant of the Master Deed may be suspended at the discretion of the Board for a period not to exceed 30 days for any single violation and if the violation is of a continuing nature, such rights and privileges

may be suspended indefinitely until such time as the violation is corrected or stopped. Such action shall not be taken by the Board until the Unit is given an opportunity for a hearing regarding the violation.

2.7 Member's Contribution to Association Working Capital. Each new Unit Owner (including resales) shall pay to the Association upon acquisition of title to its Unit, a capital contribution to the Association in an amount equal to two months' worth of the then current Common Expense assessment attributable to each Unit. A working capital contribution is a non-refundable, non-transferable fee required to be paid by all purchasers for the purpose of providing the Association with a working capital fund to be utilized to meet unanticipated expenses of the Association. This money shall not be used for normal operating expenses. In the event these monies are used to meet unanticipated expenses of the Association, the monies will be replenished via a special assessment.

2 months working capital

2.8 Votes. Each Member in good standing shall be entitled to such vote for each Unit to which he holds title as is provided in the Master Deed. When more than one person holds title, the vote for each Unit shall be exercised as the co-Owners decide among themselves. When one or more co-Owners signs a proxy or purports to vote for his or her co-Owner, such vote shall be counted unless one or more of the other co-Owners is present and objects to such vote or submits a separate proxy or an objection in writing delivered to the Secretary of the Association before the vote is taken. If the Owners cannot agree on the nature of the vote appurtenant to their Unit, such vote cannot be counted for the given election.

### ARTICLE III

#### BOARD OF TRUSTEES

3.1 Qualifications. The following are criteria for the nomination, appointment or election to a Trusteeship:

A. Membership in Good Standing. This shall be a qualification for any nominee or appointee to a Trusteeship and for continued service on the Board.

B. Representation. Partnerships, corporations, fiduciaries or co-Owners holding memberships in good standing may designate individuals to be eligible for nomination, appointment or election as Trustees according to the following guidelines:



1. Partnership designees shall be members, employees or agents of the partnership;
2. Corporate designees shall be officers, stockholders, employees or agents of the corporation;
3. Fiduciary designees shall be fiduciaries officers or employees of the fiduciary; and
4. Co-Owners must designate any one of them who is a Member in good standing to be eligible for nomination, appointment or election.

C. **Disqualification of Trustees.** Any Trustee whose membership is not in good standing for 30 consecutive days shall automatically be disqualified as a Trustee upon expiration of said 30 day period and a replacement shall be appointed by the Board within 30 days thereafter to serve for the remainder of the term as explained herein.

3.2 **Number.** Initially, the Board is to be comprised of three individuals appointed by the Developer, none of which need be a Unit Owner. As Units within the Condominium are conveyed by the Developer, the number of Board Trustees will be expanded from three to five and Unit Owners will be elected to the Board in addition to the three Developer-appointed Board Trustees. Finally, the Board will contract back to three Trustees upon conveyance of the last Unit by the Developer.

3.3 **Transition Elections.** The "turnover of control" of the Board by Developer to Unit Owners, other than Developer, is required by New Jersey law, and is based upon the total number of Units contemplated by Developer for incorporation within the Condominium as same is presently proposed for full development (i.e., 18 Units). The "turnover of control" of the Board will occur as follows:

(a) within 60 days after the Sponsor has conveyed title to 25% of the Units proposed for the Condominium (i.e., 5 of the presently proposed 18 Units), the Unit Owners other than the Sponsor will elect one Trustee who shall replace one of the initial three Trustees on the Board appointed by the Sponsor, and the total number of Trustees on the Board will remain at three.

(b) within 60 days after the Sponsor has conveyed title to 50% of the Units proposed for the Condominium (i.e., 9 of the presently proposed 18 Units), the Unit Owners other than the

Sponsor will elect a second Trustee and the Sponsor will appoint a third Trustee, and the Board will then consist of five Trustees.

(c) within 60 days after the Sponsor has conveyed title to 75% of the Units proposed for the Condominium (i.e., 14 of the presently proposed 18 Units), or five years from the date of the recording of the Master Deed, whichever occurs first, two of the Sponsor appointed Trustees on the Board will resign and the number of Trustees on the Board will be reduced three (with the Unit Owners other than the Sponsor having elected two of the three Trustees). Sponsor will have the right to retain one Trustee on the three member Board until Sponsor has conveyed title to the last Unit within the Condominium in the normal course of business or such earlier time as the Sponsor may determine.

In the event that the Developer elects to develop fewer Units, transfer of control of the Association will occur based upon the forgoing percentages relative to the total number of Units that are constructed in the Condominium.

All Unit Owners who are Members in Good Standing shall be eligible to be nominated, elected, or to serve on the Board, except that in the case of any Unit Owner which is a partnership, corporation or limited liability company, including Developer, a designee shall be eligible if the Unit Owner is a Member in Good Standing.

Notice of all special meetings called pursuant to this section, for the purpose of holding Transition Elections, shall be given not less than 20 nor more than 30 days prior to the date of the meeting.

3.4 Term of Office. All Developer-appointed Trustees shall serve until their successors have been appointed by Developer or elected by the Unit Owners other than Developer, in accordance with Section 3.3 of these By-laws. Until the time that the Unit Owners other than Developer, are entitled to elect the entire Board, all Unit Owner elected Trustees will serve for terms ending upon the earlier of (i) two years from the date of their commencement; or (ii) the first annual meeting occurring after the Unit Owners, other than Developer, are elected to elect the entire Board. At the first annual meeting after the Unit Owners are entitled to elect the entire Board, an election for all Trustees will be held and the candidate receiving the highest number of votes will serve for three years, the two other candidates will each serve for two years.

All future terms will be for two years, it being the intent that no more than two Trustee terms will expire in any given year.

3.5 Removal of Trustees. Sponsor-designated Trustees may be removed and replaced by the Sponsor at any time. The provisions set forth below specifically relate to Member-elected Trustees, not Sponsor appointees.

Any one or more Member-elected Trustees may be removed with or without cause by a two-thirds vote of the Members, other than Sponsor, present at a duly called and held regular or special meeting of Members and a successor or successors, as the case may be, shall then and there be elected by majority vote of the Members, other than Sponsor, present to fill the vacancy thus created. Any Trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting and shall be afforded the right to have the vote on his removal adjourned to a new date not less than seven, nor more than 10 days from the date of the meeting at which the removal is proposed.

3.6 Vacancies. Vacancies on the Board of Trustees caused by any reason other than the removal of a Trustee by a vote of the Owner-Members shall be filled in the following manners:

A. If a Sponsor-designee is to be replaced, the Sponsor shall designate the replacement; and

B. If a Member-elected Trustee is to be replaced, the vacancy shall be filled by a vote of the majority of the remaining Trustees, including the Sponsor's appointees, at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy.

Each person so elected shall serve until the end of the term of the Trustee whom he replaces. Vacancies occurring in Member-elected Trustee positions shall be filled only by Owner/Members other than the Sponsor. Despite the above, until the first transition election, the Sponsor shall have the right to fill all vacancies on the Board by appointment.

#### ARTICLE IV

##### MEETINGS OF THE MEMBERS

4.1 Place of Meetings. Meetings of the Association Members shall be held at the Condominium or such other suitable place convenient to the Owners as may be designated by the Board of Trustees.

4.2 Annual Meetings. All annual meetings of the Unit Owners of the Association shall be held on the month and day of the year to be established by the Board, but the first such annual meeting shall be held not more than 60 days after the initial conveyance of 25% of the Units planned for the Condominium.

At each annual meeting following the final transition elections held in accordance with Section 3.3 hereof, the election of Trustees shall take place. If the election of Trustees is not held at such annual meeting or any adjournment of such meeting, the Board shall call for the election to be held at a special meeting as soon as possible thereafter. At such special meeting, the members in good standing shall elect the Trustees and conduct other business as though at the annual meeting. All proxies validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting and new proxies may be received for any such subsequent meeting.

4.3 Special Meetings. Special meetings of Unit Owners may be called by the President of the Association whenever he determines such a meeting is advisable, or it may be called by the Secretary upon the direction of the Board, or it may be called upon the written request of Members in good standing representing not less than 25% of all the votes entitled to be cast at such meeting. Such request shall state the purpose(s) of such meeting and the matters proposed to be acted upon.

No special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of Unit Owners held during the preceding 12 months unless Members in good standing holding at least 50% of the votes entitled to be cast request such a meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds of the votes entitled to be cast in person or by proxy.

4.4 Notice of Meetings. Notice of meetings for transition elections shall be as set forth in Section 3.3 herein.

Notice for annual or special meetings of Members (other than transition election meetings) shall be in writing and mailed or delivered personally to all Members of record entitled to vote not less than 10 days, nor more than 30 days prior to the date on which the meeting is to be held. The notices shall be delivered to Members at their last known addresses and shall state the time, place and purpose(s) of the meeting. Notice of any adjourned meeting

The following questions must be decided by a vote of the Members at a special meeting called to decide each specific issue respectively, after written notice of the question has been forwarded to each Member:

A. The elimination or substantial limitation in use of any completed recreational facility.

B. The Board of Trustees borrowing of sums exceeding three months' maintenance fees in any fiscal year.

C. The commencement of any litigation by the Board of Trustees (excepting suits against Unit Owners or their tenants for the collection of assessments or suits against Unit Owners or their tenants to enforce the rulings of the Judiciary Committee or the Board).

The questions enumerated in A through C above may be decided only at special meetings called to decide the specific issues. In the notice of any such special meeting, the Secretary of the Board shall provide the Members with a complete explanation of the proposed action, the reasons therefor, the anticipated costs thereof and any other relevant information. This Section 4.7 may not be amended.

**4.8 Voting in Elections of Trustees.** Only Members determined to be in good standing at least 30 days prior to any meeting at which an election is to occur shall be entitled to vote in elections of Trustees. The election of Trustees shall be conducted by written ballot. Persons receiving the highest number of votes shall be elected to open Trustee positions on the Board. Proxies shall not be utilized in election of Trustees; however, absentee ballots may be so utilized.

**4.9 Voting by Mail.** The Board, in lieu of calling a membership meeting, may submit any question or election other than a transition election, to a vote of the membership by a ballot by mail. Only Members in good standing may vote by mail. Mailed ballots must bear the valid signature of the Member submitting same, which signature shall be verified by the election examiners who shall also tabulate all the votes and report the total to the Secretary for inclusion in the minute book.

To conduct a vote by mail for a question submitted to the membership, the Board shall serve a notice upon all Members which shall:

shall not be required to be given if the time and place of the adjournment is announced at the meeting which was adjourned and if no business other than that originally scheduled is to be conducted. If no new time and place is set at the meeting which is adjourned, then the original requirements of notice set forth above must be met.

If a Member attends a meeting although for any reason he has not received proper notice and he does not protest the lack of such notice, his attendance at such meeting without protest shall constitute a waiver of the notice requirement.

**4.5 Majority, Quorum and Adjourned Meetings.** The Members entitled to cast 25% of the votes, including absentee ballots, at a meeting shall constitute a quorum at the meeting. The Members present in person, or by absentee ballot or by proxy at a duly organized meeting may continue to do business by a majority vote of those Members constituting a quorum, until adjournment, despite the withdrawal of enough Members to leave less than a quorum. Less than a quorum may adjourn a meeting.

If any meeting of Owners cannot be conducted because a quorum has not attended, a majority of the votes present may adjourn the meeting to a time not less than 72 hours from the time of the original meeting and from such time to time until a quorum shall be present or represented. At any such adjourned meeting at which a quorum is assembled, any business may be transacted which might have been transacted at the meeting originally called.

**4.6 Conduct of Meetings.** At all membership meetings, the President, or in his absence, the Vice-President, or in the absence of both of them, a person chosen by a majority vote of the Members in good standing present shall act as chairperson, and the Secretary, or in his absence, a person appointed by the chairperson, shall act as Secretary of the meeting and perform the functions of those officers as detailed herein.

**4.7 Voting on Questions.** Only Members determined to be in good standing at least three days prior to any meeting at which a vote is to occur shall be entitled to vote on questions. As the term is defined in Section 4.5, a majority of votes cast shall be sufficient on questions submitted to a vote of the membership. The vote on any question at a meeting need not be taken by ballot unless (i) the chairperson of the meeting determines a ballot to be advisable, or (ii) a majority in interest of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot.

Examiners need not be Members of the Association. However, any officer or Trustee may be an examiner on any question other than a vote on his election or any question in which he may have a direct interest.

**4.12 Order of Business.** The order of business at the annual meeting of Members and at any special meetings, insofar as reasonable and practical, shall be:

- A. Calling the roll, certifying of proxies and absentee ballots and establishment of a quorum.
- B. Proof of notice of meeting and waiver of notice.
- C. Reading and disposal of any unapproved minutes.
- D. Nominations for Trustees, if appropriate.
- E. Appointment of election examiners, if appropriate.
- F. Election of Trustees, if appropriate.
- G. Reports of officers.
- H. Reports of committees.
- I. Old business.
- J. New business.
- K. Adjournment.

#### **ARTICLE V**

##### **TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES**

5.1 **Provisions on Behalf of the Sponsor.** After control of the Board of Trustees has passed to Trustees elected by Members of the Association, and as long as the Sponsor holds at least one Unit for sale in the normal course of business, the following shall be in force and shall not be amended:

A. Neither the Association, nor its Board of Trustees shall take any action that would be detrimental to the sale of Units by the Sponsor as determined in Sponsor's sole discretion or that would result in the assessment of the Sponsor for emergency assessments or special assessments except to the extent that Sponsor will derive a benefit therefrom.

B. The Association and its Board of Trustees shall continue the same level of maintenance, operation and services as provided immediately prior to the assumption of control of the Association and the Board by Owner-Members other than the Sponsor.

5.2 Meetings of the Board; Notices; Waiver of Notice.

A. ORGANIZATIONAL MEETING

The first annual meeting of the Board of Trustees shall be held within 10 days after the first annual meeting of the Association Members, at such time and place as shall be decided by a majority of the Board. Thereafter, regular meetings of the Board shall be held at such times and places as shall be determined from time to time by a majority of the Trustees, but at least two meetings shall be held during each fiscal year.

B. OPEN MEETINGS OF THE BOARD OF TRUSTEES

(1) OPEN MEETINGS

All meetings of the Board of Trustees, except conference or working sessions at which no binding votes are to be taken, shall be open to attendance by all Unit Owners and tenants. All Unit Owners and tenants in attendance shall be permitted to participate at the Board meeting, only upon the opening of the meeting to the public.

(2) RESTRICTIONS TO OPEN MEETINGS

Despite (1) above, the Board of Trustees may exclude Unit Owners or restrict attendance at Board meetings or portions of Board meetings dealing with one or more of the following matters:

- (a) Any matter which if disclosed would constitute an unwarranted invasion of individual privacy;
- (b) Any pending or anticipated litigation or contract negotiations;
- (c) Any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his/her ethical duties as a lawyer; or



A. State specifically in a motion or motions the questions upon which the vote is to be taken;

B. State the date by which ballots must be returned and the person and address to which they are to be sent;

C. Provide an official ballot for the vote;

D. State the date upon which the action contemplated by the motion shall be effective which date shall be not less than 10 days after the date ballots must be received.

To conduct a vote by mail for an election of Trustees, the Board shall serve a notice on all Members which shall:

A. Provide an official ballot;

B. State the date by which ballots must be returned and the person and address to which they are to be sent.

4.10 Proxies. To vote by proxy means that the Member entitled to vote appoints another Member to participate in a meeting and vote in his place instead. (The instrument granting the authority described herein is also called a proxy.) Proxies to be used by Members for voting on Association matters must be in writing, in a form prescribed by the Board, signed by the Member and delivered to the Secretary or other person appointed by the President prior to the opening of the polls at the meeting at which ballots are to be cast. A proxy shall be valid for a period of no more than 11 months from its date. A proxy may be revoked at any time prior to the opening of the polls at a given meeting.

4.11 Examiners. If a ballot is used for voting at any membership meeting, the chairperson of the meeting shall appoint two examiners, each of whom shall take an oath to act faithfully and with strict impartiality to the best of his ability. The examiners shall:

A. Ascertain the qualifications of all voters;

B. Report the number of votes represented at the meeting and entitled to be cast;

C. Conduct and accept the votes;

D. Count and report to the Secretary the number of votes for and against each question or candidate. In addition to an oral report, the examiners shall make and subscribe to a written report of the vote.

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

(3) MINUTES OPEN MEETINGS

- (a) At each meeting required to be open to all Unit Owners and tenants, minutes of the proceedings shall be taken, and copies of those minutes shall be made available to all Unit Owners and tenants before the next open meeting. To receive a copy of the minutes, a Unit Owner must make a written request for same to the managing agent and must enclose a self-addressed stamped-envelope.
- (b) The Board of Trustees shall cause there to be kept reasonably comprehensible minutes of all its meetings showing the time and place, the Board Members present, the subjects considered, the actions taken, the vote of each Board Member, and any other information required to be shown in the minutes by the By-Laws.

C. NOTICE REQUIREMENTS FOR OPEN MEETINGS

(1) NOTICE

Adequate notice of any open meeting shall be given to all Unit Owners and tenants (to the extent names and addresses of tenants have been provided to the Board of Trustees).

(2) ADEQUATE NOTICE

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

- (a) Prominently posted in at least one place within the Condominium property that is accessible at all times to all

Unit Owners, provided there is a location reserved for such or similar announcements;

- (b) Mailed, telephoned, telegraphed, or hand delivered to at least two newspapers that have been designated by the Board of Trustees to receive such notices because they have the greatest likelihood of informing the greatest number of Unit Owners. However, this is not to be construed as a requirement to publish such notice. Mailing of the notices to the newspapers shall be sufficient.
- (c) Filed with the Association Secretary, administrative officer, or professional manager responsible for administering the Association business office.

(3) ANNUAL POSTING OF OPEN MEETINGS

At least once each year within seven days following the annual meeting of the Association, and to the extent that a schedule is set in advance, the Board of Trustees shall post and maintain posted throughout the year, notice of meetings in those locations set forth above (in Section C(2)(a)), mail to the newspapers to which notices are sent as set forth above (Section C(2)(b)) and file with the Association secretary, administrative officer or professional manager responsible for administering the Association business as set forth above (Section C(2)(c)).

(4) EMERGENCY MEETINGS

In the event that a Board of Trustees meeting is required to deal with such matters of urgency and importance that delay, for the purpose of providing 48 hours advance notice would result in substantial harm to the interests of the Association, the notice shall be deemed adequate if it is provided as soon as possible following the calling of the meeting.

5.3 Quorum and Adjourned Meetings. At all meetings of the Board, a majority of the Trustees shall constitute a quorum for the transaction of business and the votes of the majority of the Trustees present and voting at a meeting at which a quorum is present shall constitute a valid

decision. If, at any meeting of the Board, there be less than a quorum present, the majority of those present shall adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the meeting originally called may be transacted without further notice.

5.4 Non-waiver. The failure of the Board to effect any right or remedy established by these By-Laws shall not preclude the Board from doing so at some future point in time.

5.5 Consent in Lieu of Meeting and Vote. Despite the prescriptions for action by the Board set forth herein or in the Certificate of Incorporation or the Master Deed, the entire Board of Trustees shall have the powers to act on any matter on which it is authorized to act without a formal meeting and vote if the entire Board of all the Trustees empowered to act at a given time shall consent in writing to an action.

#### **ARTICLE VI**

##### **POWERS AND DUTIES OF THE BOARD OF TRUSTEES**

6.1 General Powers and Privileges. The Board of Trustees shall have the powers and privileges necessary for the administration of the affairs, business and property of the Association. The Board may do all those acts and things which are granted to it in the Certificate of Incorporation, the Master Deed, these By-Laws and the law.

More particularly, the Board shall have the following powers, including, but not limited to the power to:

A. Employ a professional management agent or manager by contract to perform such duties, services and responsibilities of the Board for the Association as the Board shall authorize at a compensation established or agreed upon by the Board. Any such contract shall be for a period of no more than two years and shall permit the Association to terminate the contract upon 60 days written notice, with or without cause, and without penalty to the Association; and

B. Fix, assess and collect assessments from the Owners;

C. Designate and dismiss the personnel necessary for the maintenance and operation of the Condominium, the Common Elements and facilities, in accordance with the Master Deed; and

D. Seek/obtain advice from and employ persons, firms or corporations such as, but not limited to, landscapers, architects, engineers, lawyers and accountants; and

E. Adopt, amend as necessary and publish rules and regulations covering the details of the operation and use of the Common Elements and/or Units therein for the Owners, occupants and users of the Condominium properties and facilities; and

F. Secure full performance by Unit Owners or occupants of all items of maintenance for which they are responsible; and

G. Enforce other obligations of Unit Owners, including the terms, conditions and restrictions contained in the Master Deed, these By-Laws and the Rules and Regulations promulgated; and

H. Borrow and repay monies, give notes, mortgages or other security upon such term or terms as it deems necessary; and

I. Invest and reinvest monies, pay taxes, make and enter into contracts and leases; and

J. Transfer, grant and obtain easements, licenses and other property rights with respect to the Common Elements in a manner consistent with the rights of Unit Owners; and

K. Purchase, lease or otherwise acquire in the name of the Association on behalf of all Unit Owners in the Condominium, Units offered for sale or lease or surrendered by their Owners to the Board, provided that same shall not be construed as a right of first refusal; and

L. Purchase Units within the Condominium at foreclosure or other judicial sales in the name of the Association on behalf of all Unit Owners; and

M. Sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Units acquired by the Association on behalf of all Unit Owners; and

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

O. Be responsible for the disposition of all insurance proceeds unless the Board chooses to appoint an insurance director who shall not be a member of the Association, an employee of the Sponsor or the manager; and

P. Create, appoint Members to and disband committees as shall, from time to time, be deemed appropriate or necessary to assist the Board in the discharge of its duties, functions and powers; and

Q. Establish a Judiciary Committee which shall be a standing committee as hereinafter provided herein.

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

A. To cause the Common Elements to be maintained according to accepted standards and as set forth in the Master Deed, including, but not limited to such maintenance, painting, replacement and repair work as may be necessary, lawn and landscaping maintenance and snow removal as the Board may deem appropriate, as well as the maintenance of surveillance and security of the Condominium, and the maintenance of the stormwater management facilities and system in accordance with "Stormwater Operation and Maintenance Manual for Maple Avenue Townhomes, Town of Morristown, Morris County, New Jersey" prepared by Omland Engineering Associates, Inc. dated January 23, 2008, a copy of which is attached hereto as Schedule 1 and made a part hereof. All repairs and replacements shall be substantially similar to the original application and installation; and

B. To cause a complete record of all its acts and affairs to be kept and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing at least 21 days in advance by Members entitled to cast at least 25% of the total votes of the Association; and

C. To allocate common surplus or make repairs, additions, improvements to or restoration of the Common Elements in accordance with the provisions of these By-laws and the Master Deed after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and

D. To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed thereon

by federal, state, county or municipal authority having jurisdiction thereover, and any order of the Board of Fire Underwriters or other similar bodies; and

E. To manage the fiscal affairs of the Association as hereinafter provided; and

F. (a) Subject to the Master Deed or other instruments of creation, the Association may do all that it is legally entitled to do under the laws applicable to its form of organization.

(b) The Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the community.

(c) The Association shall provide a fair and efficient procedure for the resolution of disputes between individual Unit Owners and the Association, and between different Unit Owners, that shall be readily available as an alternative to litigation.

G. To place and keep in force all insurance coverages required to be maintained by the Association, applicable to its property and Members including but not limited to:

1. Property Insurance: To the extent available, in the normal commercial marketplace, broad form or blanket insurance against loss by fire, lightning, storm and other risks normally included within all-risk extended coverage, including vandalism and malicious mischief insuring all Common Elements, insuring the interest of the Association, the Board, the Sponsor and Unit Owners and any Mortgagee who has requested of the Association, in writing, to be named as a loss payee, as their respective interests may appear, in an amount equal to the full replacement value of the Common Elements (exclusive of foundations and footings and other items normally excluded from coverage), without deduction for depreciation. Each policy shall contain a standard Mortgagee clause in favor of each applicable Mortgagee which shall provide that the loss, if any, thereunder shall be payable to each applicable Mortgagee as its interests may appear, subject to the loss payment provisions of the Master Deed.

The amount of any deductible shall be determined by the Board in its sole discretion and the responsibility for payment of same shall be the Board's.

If available, an "Inflation Guard Endorsement" shall be obtained. Further, if the Uniform Construction Code of the State of New Jersey requires, or should require in the future, that changes be made to undamaged portions of a Building because of

damage to other portions of a Building as a condition of granting a permit for reconstruction, a "Construction Code Endorsement" shall be obtained and maintained.

2. Public Liability Insurance: To the extent obtainable in the normal commercial marketplace, public liability insurance for personal injury and death from accidents occurring within the Common Elements and the defense of any actions brought for injury or death of a person or damage to property occurring within such Common Elements and not arising from any act or negligence of any individual Unit Owner. Said insurance shall be in limits that the Board may, from time to time, determine covering each member of the Board, the managing agent or manager, and each Member and shall also cover crossliability claims of one insured against another.

Coverage shall be in amounts generally required for private institutional mortgage lenders for projects similar in construction, location and use. Until the first meeting of the Board following the first annual meeting, such public liability coverage shall be for a single limit of at least \$1,000,000.00. The Board shall review such limits once a year.

3. Trustees, and Officers' Liability Insurance and Fidelity Bonds: Insurance indemnifying those persons who serve and have served as Trustees and/or Officers of the Association (including Sponsor-designated or appointed Trustees) against liability for errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000.00, with any deductible to be in the sole discretion of the Board.

The Board shall maintain fidelity bond or employee dishonesty endorsement coverage for all Trustees, officers and employees of the Association and for all other persons handling or responsible for funds of, or administered by, the Association. Further, if the Association has delegated some or all of the responsibility for the handling of funds to a management agent, fidelity bonds or employee dishonesty endorsements shall cover the officers, employees and agents of said management agent with respect to funds administered for or on behalf of the Association. The fidelity bond coverage or the endorsements shall be based upon the best business judgment of the Trustees and shall not cover less than the estimated maximum amount of funds, including



reserve funds, in the custody of the Association or management agent, as the case may be, at any given time during the term of the bond. In no event shall the aggregate amount of the fidelity bonds or the endorsement coverage be less than a sum equal to three months, aggregate maintenance fees including that portion of the fees relating to reserve funds. However, for so long as Sponsor maintains a majority of representation on the Board, the fidelity bond or endorsements shall at a minimum be equal to the current annual budget of the Association plus accumulated reserves. The bonds or endorsements shall name the Association as obligee and shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. Premiums on fidelity bonds shall be paid by the Association, except that premiums for bonds maintained by a management agent shall be paid by that agent.

4. **Workers' Compensation Insurance:** Workers' compensation and New Jersey disability benefits insurance as required by law.

5. **Vehicular Liability Insurance:** To the extent obtainable in the normal commercial marketplace, vehicular liability insurance to cover all motor vehicles owned or operated by the Association.

6. **Flood Insurance:** Flood hazard insurance if any of the insurable Common Elements and Unit betterments existing at the time of the initial conveyance are located within a federally designated flood hazard area. The policy shall be in a form which meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administration.

7. **Boiler Insurance:** To the extent obtainable in the normal commercial marketplace, boiler explosion liability insurance, if applicable for the Association.

8. **Other Insurance:** Such other insurance as the Board may deem appropriate.

All policies shall:

A. Provide that adjustment of loss be made by the Board of Trustees and that the net proceeds thereof be payable to the Board;

B. Require that the proceeds of physical damage insurance be applied to the restoration of such Common Elements and structural portions and service machinery as is required by the Master Deed and these By-laws;

C. To the extent obtainable, contain agreed amount and inflation guard endorsements;

D. Provide that the insurance will not be prejudiced by any act or omission of individual Members not under the control of the Association;

E. To the extent obtainable, contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured;

F. Provide that such policies may not be cancelled without at least 30 days prior written notice to all of the named insured, including all Unit Owners and Mortgagees.

Any insurance maintained by the Board may provide for such deductible amount as the Board may determine.

Despite any other provisions of this subparagraph, the Association shall not be required to provide any type or amount of insurance not commonly available in the normal commercial marketplace.

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

## ARTICLE VII

### FISCAL MANAGEMENT

7.1 Association Budget. Prior to making an annual assessment, the Board of Trustees shall prepare and adopt an operating budget which shall provide for any and all expenses to be incurred during each fiscal year as well as adequate reserves for maintenance, repair and replacements of the Common Elements and facilities. The budget shall include, without limitation, such sums as the Board deems necessary to meet all Association expenses incident to the repair, maintenance (except for the maintenance of the Limited Common Elements that is required to be done by the individual Unit Owners as set forth in the Master Deed), improvement and replacement of the Common Elements of the Condominium, and all other expenses

reasonably incident to the operation, enjoyment and furtherance of the Condominium and its Association. The Common Expenses shall include premiums for all types of insurance required by the Master Deed and these By-Laws.

Following the establishment and promulgation of the budget for the next succeeding fiscal year, the Board shall determine an appropriate annual assessment for each Unit.

7.2 Common Expense Assessment. The Board shall have the duty to collect from each Unit Owner as annual common expense assessments the proportionate part of the annual Common Expenses assessed against such Unit Owner as provided in the Master Deed, the Certificate of Incorporation, these By-Laws and in accordance with applicable laws.

7.3 Determination of Annual Common Expenses. The amount of monies for annual Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, shall be in the sole discretion of the Board.

7.4 Disbursements. The Board shall take and hold the funds as collected and shall disburse same for the purposes in the manner set forth herein and as required by the Master Deed, the Certificate of Incorporation and applicable law.

7.5 Depositories. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for a manager to sign checks on behalf of the Association for payment of obligations of the Association, if the proper fidelity bond is furnished to the Association.

7.6 Types of Accounts. The receipts of the Association shall be Common Expense assessments and such other funds which the Association may earn. The expenditures of the Association shall be Common Expenses. Each shall be credited and charged respectively to the accounts under the following classifications as the Board shall deem appropriate:

A. Current expenses, which shall include expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not include expenditures chargeable to reserves. At the end of each year,

any unexpended amount remaining in this account shall be used to reduce the assessments for current expenses for the succeeding year.

B. Reserve for maintenance, repair and replacement which shall include funds for maintenance items that occur less frequently than annually and funds for repair or replacement of the Common Elements or those portions of the Common Elements for which repair or replacement is required because of damage, depreciation or obsolescence. The amounts in this account shall be allocated among each of the separate categories of maintenance and replacement items.

C. A fund for capital improvements, which shall include the funds to be used for capital expenditures or for acquisition of additional personal property that will be part of the Common Elements.

D. Operations, which shall include all funds from the use of the Common Elements or from any other sources. Only the additional direct expense required by any revenue producing operation will be charged to this account, and any surplus from any operation or otherwise shall be used to reduce the assessments for current expenses for the year during the one in which the surplus is realized, or at the discretion of the Board, in the year following the one in which the surplus is realized.

E. Working capital, consisting of those nonrefundable and nontransferable contributions assessed upon each Unit Owner upon acquisition of title (including re-sales). As previously indicated, this fund shall be derived from the mandatory one-time, non-refundable contributions imposed upon all Unit Owners when they close title (including re-sales). The contribution shall consist of a sum equal to two months' worth of the then current Common Expense assessment attributable to each Unit (the "Contribution") and shall be collected by the Sponsor (or in the event of a resale, by the purchaser or purchaser's attorney) at the time of each closing and remitted promptly to the Association after each closing for the purpose of providing the Association with a working capital fund to meet unanticipated expenses of the Association. This money shall not be used for normal operating expenses. In the event these monies are used to meet unanticipated expenses of the Association, the monies will be replenished via a special assessment. The Contribution shall not be deemed to be an advance payment of any regular

assessment. This mandatory one-time contribution to the working capital fund is in addition to such regular assessments.

The Board shall not be required to physically segregate the funds held in the above accounts but may, in its sole discretion, maintain the funds in one or more consolidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the Association's records.

7.7 Reserve Funds. As referred to in Article 7.6 above, the Board shall establish and maintain a maintenance, repair and replacement reserve fund. The fund shall be maintained in a separate, interest-bearing savings account or certificate of deposit and shall not be used for any purpose other than that which was contemplated at the time of assessment. No withdrawal from any reserve fund account shall be made without the affirmative vote of a majority of the Board of Trustees.

The first reserve fund shall be entitled the "Condominium Maintenance, Repair and Replacement Reserve Fund." Amounts in this reserve fund shall be expended only for the following items:

- A. Repairs to, and preservation of, the Common Elements of the Condominium;
- B. Maintenance of the Common Elements with respect to non-routine items such as replacing shrubbery, replacing roofs and replacing siding which are not normally covered by a maintenance contract.

This reserve fund shall be derived from any sources that the Trustees deem appropriate including, but not limited to, a specific portion of the annual assessment - proceeds of income-earning activities, and unexpended assessment fees previously received.

The Board of Trustees may maintain such other reserve funds as the Board deems appropriate and may supplement either reserve fund from time to time.

7.8 Notice; Automatic Budget Increase; Emergencies. The Board shall give written notice to each Unit Owner and Mortgagee of the amount estimated by the Board for Common Expenses for the management and operation of the Association for the next ensuing budget period, directed to the Unit Owner at his last known address by ordinary mail or by hand

delivery. Said notice shall be conclusively presumed to have been delivered five days after deposit in the United States mail.

Once the Unit Owners have taken over control of the Association, if an annual Common Expense assessment is not made as required for an ensuing year, an assessment shall be made automatically without Board action in the amount of the last prior year's assessment, increased by 10%, and any installments of such annual assessment shall be due upon each installment payment date until a new annual common expense assessment is made.

If the annual Common Expense assessment proves to be insufficient, the budget and assessment may be amended at any time by the Board provided that nothing herein shall serve to prohibit or prevent the Board from imposing an emergency assessment in the case of any immediate need emergency which cannot be met by funds earmarked for such contingency.

**7.9 Enforcement of Maintenance Fee Payments and Penalties for Late Payment.** The annual assessment shall be due in advance for the entire fiscal year on the date set and published by the Board. Any other assessments added during the course of a calendar year shall be due on the first day of the month next succeeding the establishment of the assessment, as set forth in the Master Deed. However, Unit Owners may pay the annual assessment and other assessments in equal monthly installments so that the sum total of the annual assessment and any others is paid in full by the end of each fiscal year. Said right to pay assessments for maintenance fees in monthly installments may be terminated by the Board of Trustees in the event that any monthly payment is not made during the calendar month in which it is due. Upon closing of title, each purchaser of a Unit, including resales, shall pay the Association in advance his or her first monthly assessment attributable to his or her Unit for the month in which closing takes place based upon the number of days left in the month at the time of closing. This payment is in addition to the working capital fee due upon closing of title to Units which is set forth in detail in Article II hereof.

In the event a Unit Owner's right to make installment payments of the annual assessment terminates due to the Unit Owner's failure to make the payment during the month which it is due, the Board of Trustees, may, by resolution, declare the entire annual assessment and any existing other assessments to be due and owing. The Board also, in its discretion, may permit the resumption of installment payments and may make arrangements with delinquent Owners for

restoring their accounts to a current status. The Board may, for good cause waive any portion of any late payment fees established by this Article 7.9 as set forth below.

All monthly assessment or maintenance fee payments are due in advance on the first day of each and every month. In the event that a monthly payment is made between the first and the tenth day of the month, there will be no interest payment due or owing. If the monthly payment is made between the eleventh day of the month and the last day of the month, there shall be due to the Association interest for all past due amounts equal to 15% per annum. The Board also has the authority to impose a reasonable late fee for each such occurrence in an amount not to exceed the maximum amount allowed by law.

When a Unit Owner remits payment of the maintenance fee following any month when payment was not received, such payment will be used first to set off any interest charges and penalties; thereafter, the balance will be used to pay off the past-due maintenance fees; thereafter, any balance will be applied to the current month's maintenance fee. If the remaining balance applied to the current month's maintenance fee is insufficient to pay the entire maintenance fee, then unless the full amount is received prior to the eleventh day of the month, there shall be due to the Association interest at the rate of 15% per annum.

Each additional failure to remit a maintenance fee in a timely fashion will be regarded separately from other maintenance fees which are/were due and owing, and interest charges will be assessed in accordance with that which is stated immediately above.

At the discretion of the Board, if a Unit Owner shall be in default more than 30 days in the payment of an installment of any type of an assessment, the Board may notify the delinquent Unit Owner that the remaining installments of the assessment will be accelerated if the delinquent installment has not been paid by a date stated in the notice, which date shall not be less than five days after personal delivery of the notice to the Unit Owner or less than 10 days after the mailing of such notice to him by registered or certified mail, as applicable.

If default continues following the time for payment prescribed in the notice, then the Board may accelerate the remaining installments of the assessment and notify the delinquent Unit Owner that a lien for the accelerated amount shall be filed on a date certain stated in the notice if the accelerated balance has not then been paid. The lien for such accelerated assessment as permitted by law shall then be filed if the delinquent assessment has not been

theretofore paid and the Board may also notify any holder of a Mortgagee encumbering the Unit affected by such default or publish the appropriate notice of such delinquency to the membership of the Association. If said default continues for a period of 90 days, then the Board shall foreclose the foregoing lien pursuant to law and/or commence an independent suit against the appropriate parties to collect the assessment.

7.10 Interest and Counsel Fees. In the event that the Board shall effectuate collection of said assessments or charges by resort to counsel and/or filing of a lien, the Board may add to the aforesaid assessments or charges the actual counsel fees charged to the Association for said collection, plus the reasonable costs for preparation, filing and discharge of the lien in addition to such other costs as may be allowed by law. All of these charges shall also act as a lien against the Unit in default.

7.11 Annual Audit. The Board shall arrange for an annual audit of the books and records of the Association by an independent certified public accountant who shall audit same and render a report in writing to the Board and in summary form to the Members and such Mortgagees and others who may be entitled to same.

Further, the Trustees shall provide, upon written request, any holder, insurer or guarantor of a first mortgage with a copy of an audited financial statement for the Association for the immediately preceding fiscal year. There shall be no charge for the providing of a copy of such report. The Trustees shall provide said audited report within a reasonable time following the making of such written request.

While the Sponsor maintains a majority of the Board, the Sponsor controlled Board shall have an annual audit of Association funds prepared by an independent accountant a copy of which shall be delivered to each Unit Owner within 90 days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

7.12 Availability of Constituent Documents and Examination of Books. The Board of Trustees shall make available to Members of the Association and Mortgagees, insurers or guarantors, current copies of the Master Deed, By-Laws and any other rules and regulations enacted by the Board concerning the project.

Further, the Board shall make available the books of account, records, and financial statements of the Association by appointment during normal business hours in the offices of the



Association or at such other suitable place as may be designated by the Board upon receipt by the Board of Trustees of reasonable notice (at least five business days) of the request to make such examination.

**ARTICLE VIII**  
**OFFICERS**

8.1 Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Trustees. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers, but not a President or Vice-President, as in their judgment may be necessary. Such additional officers need not be Board members. One person may hold more than one office, except that of President and Vice-President.

8.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board which shall be its first meeting following the annual meeting of Members and such officers shall hold office at the pleasure of the Board. At any Board meeting, the Trustees may elect replacements for officers who leave the Board for reasons other than removal.

8.3 Removal of Officers. Upon an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, after opportunity for a hearing, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

8.4 Duties and Responsibilities of Officers.

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

B. Vice-President: The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Trustee to do

so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

C. Secretary: The Secretary shall keep the minutes of all meetings of the Board of Trustees and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Trustees may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

D. Treasurer: The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be authorized by the Board.

The Treasurer shall be, and hereby is, authorized to pay any and all routine bills of the Association up to \$500.00, and emergency items up to \$1,000.00 without prior Board approval. The Treasurer shall provide the Board with reports monthly with respect to all expenditures and receipts.

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

## ARTICLE IX

### COMPENSATION, INDEMNIFICATION AND EXCULPATION

9.1 Compensation. No compensation shall be paid to any Trustee, officer or committee member of the Association. However, Trustees, officers and committee members and other Association Members who may from time to time perform services for the Board and/or Association shall be reimbursed for out-of-pocket expenses incurred in the performance of services for or on behalf of the Board or the Association, provided such expenses have been authorized in advance by the Board.

9.2 Indemnification. The Association shall provide a defense of all claims brought against officers, Trustees (including Sponsor-designated Trustees) and duly-appointed committee members and will indemnify and hold harmless said persons with respect to any claims or suits brought against them by any party (including the Association and its Members) to the maximum

amount permitted by law (except for judgments based upon fraud, willful misconduct, breach of fiduciary duty or gross negligence).

The indemnification shall cover the actual amount of net loss including counsel fees reasonably incurred by or imposed upon any present or former officers, Trustees or committee members performing their proper duties for the Association assuming the absence of gross negligence or willful misconduct. If there is a settlement in such case, the indemnification shall extend only to such matters covered by the settlement as it involves the officer, Trustees or committee member, assuming the absence of gross negligence or willful misconduct.

9.3 Exculpation. Unless acting in bad faith, neither the Board as a body nor any Trustee, officer or committee member shall be personally liable to any Unit Owner in any respect for any action or lack of action arising out of the execution of his office. Each Unit Owner shall be bound by the good faith actions of the Board, officers and committee members in the execution of their duties. Nothing contained herein to the contrary shall serve to exculpate the members of the Board appointed by the Sponsor from their fiduciary responsibilities.

## **ARTICLE X**

### **JUDICIARY COMMITTEE**

10.1 Powers. The Board of Trustees may appoint from among the Members of the Association that are not Trustees or employees of the Board of Trustees three members to serve as a Judiciary Committee. Said Committee shall meet on an ad hoc basis and shall hear any complaints brought by any Owner or occupant or by the Board of Trustees against any other Owner or occupant in the following manner:

10.2 Procedures.

A. The person complaining shall file, in duplicate, a written statement setting forth the nature of the grievance.

B. The Judiciary Committee shall, within five days of its next scheduled meeting (but no later than a total of 45 days after receipt of the complaint), provide the person or persons complained of with a written or printed copy of the grievance by certified mail or delivery in person.

C. The subject(s) of the complaint shall prepare a written response and file two copies of said response with the Judiciary Committee within 10 days of receiving the complaint.

D. The Judiciary Committee shall review the writings within 30 days filed with the Committee and shall conduct such other inquiry as the Committee deems appropriate. The Committee shall make every effort to resolve the dispute between the parties amicably and/or without further process.

E. In the event that the matter cannot be resolved amicably, and in the event that the conduct alleged involves a purported violation of the Master Deed, the Association's Certificate of Incorporation, these By-Laws or any of the rules and regulations promulgated by the Board, the Judiciary Committee shall hold a formal hearing upon 10 days notice to all parties concerned.

At said hearing, the parties involved shall be permitted to make such statements as they desire and present such other testimony, writings and other exhibits as they may desire. The Committee shall conduct the hearing in a reasonably formal manner, but shall receive such documents, statements, and evidence as it desires without regard to the Rules of Evidence. The parties may be represented by counsel if they desire. The Committee shall make every effort to render a decision within 24 hours of the conclusion of the hearing. The Committee shall notify all parties of its determinations and recommendations in writing.

F. The costs associated with the above alternative dispute resolution process outlined in this Section 10.2 shall be a common expense. The Board, at a regular meeting or a special meeting called for that purpose, may follow said recommendations or alter them as the Trustees deem appropriate. The Trustees may create an additional special assessment against one or more of the parties concerning said costs and/or penalties, which assessment or assessments shall become liens against the Unit or Units of the Owners involved in the same manner as any other assessment.

## **ARTICLE XI**

### **ENFORCEMENT**

11.1 Methods and Procedures. The Board shall have the power, at its sole option, to enforce the terms of the governing documents of the Condominium including the Master Deed and its amendments, as well as the Certificate of Incorporation and its amendments and this instrument and its amendments, in addition to any rule or regulation adopted pursuant thereto, including rulings of the Judiciary Committee, by any or all of the following:

- A. Self-help only in the event of an emergency;
- B. Sending notice to the offending party to cause certain things to be performed, not performed or to stop the performance of certain acts or things;
- C. Making the Association whole and charging the offending party or parties with all or part of the cost therefor;
- D. Complaining to the appropriate governmental authorities;
- E. Taking any action including instituting suit in any court of competent jurisdiction. The costs of such litigation, including reasonable counsel fees, shall be borne by the parties in such manner as the trial Court deems equitable.

11.2 Waiver. The Board shall not be deemed to have waived its rights of enforcement as set forth by reason of its not having exercised such rights in any given circumstance or instance.

## ARTICLE XII

### AMENDMENTS TO BY-LAWS

12.1 Amendment by Board. These By-Laws may be amended by the Board of Trustees with regard to ministerial or administrative matters of the Association which do not impact Members materially. Such amendments may be made at any regular meeting duly held or at any special meeting called for the purpose. Three-fifths of the total number of Board Members must vote in favor of the amendment to ensure its passage.

The Board of Trustees shall not amend these By-Laws with respect to the provisions of the following articles without the consent in writing of two-thirds of the Mortgagees, which term is defined in the Master Deed: Article II, "Membership and Voting Rights"; Article III, Section 3, "Transition Elections"; Article IV, Section 2, "Annual Meeting", and Section 8, "Voting in Elections of Trustees"; Article VI, Section 1A, "Powers and Duties of the Board of Trustees" regarding the management agent and Article X, "Judiciary Committee."

12.2 Amendment by Members. Any one or more of the By-Laws may be amended or repealed and new By-Laws may be created at any meeting of the Association held for such purpose with the exception of the following Articles which may not be amended or repealed except as set forth in Section 12.1 hereof: Article II, "Membership and Voting Right"; Article III, Section 3, "Transition Elections"; Article IV, Section 2, "Annual Meeting", and Section 8,

“Voting in Elections of Trustees”; Article VI, Section 1A, “Powers and Duties of the Board of Trustees” regarding the management agent; and Article X, “Judiciary Committee.”

Prior to a meeting at which one or more of the By-Laws may be amended or repealed or new By-Laws created, written notice containing the exact language of the proposed amendment to the By-Laws shall have been sent to all Unit Owners. The amendment shall be approved if voted upon affirmatively by a majority of the votes entitled to be cast in person, by proxy or by mail. The following, however may not be done by amendment:

- A. The first annual meeting of Members may not be advanced;
- B. The first Board (including replacements occasioned by vacancies) may not be removed, contracted or enlarged;
- C. The Sponsor, its successors and/or assigns and its rights may not be affected by any amendment to the By-Law(s) and/or any new By-Law(s) unless it has given its prior written consent thereto.

#### **ARTICLE XIII**

##### **CONFLICT: INVALIDITY**

13.1 **Conflict.** If any provisions of these By-Laws is found to be in conflict with or in contradiction of the Master Deed, the Certificate of Incorporation or with the requirements of any applicable law, then the Master Deed, Certificate of Incorporation and/or law shall govern.

13.2 **Invalidity.** If any one or more provisions of these By-Laws shall be found to be invalid, it/they shall not affect the validity and enforceability of the remaining provisions hereof.

#### **ARTICLE XIV**

##### **STATUTORY COMPLIANCE**

These By-Laws are intended to comply with the requirements of N.J.S.A. 46:8B-1 et seq. as amended as well as with the requirements of Title 15A, “Corporations, Non-profit.”

#### **ARTICLE XV**

##### **CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words “Morristown Square Condominium Association, Inc.”

EXHIBIT F

CERTIFICATE OF INCORPORATION

FOR

MORRISTOWN SQUARE CONDOMINIUM ASSOCIATION, INC.

The undersigned, who is of full age, in order to form a corporation pursuant to the provisions of the New Jersey Nonprofit Corporation Act, Title 15a of the New Jersey Statutes Annotated, does hereby certify:

ARTICLE I

Name. The name of the corporation is "Morristown Square Condominium Association, Inc." hereinafter called the "Association."

ARTICLE II

Location. The principal office of the Association is located at c/o Pulte Homes of NJ, Limited Partnership, 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920.

ARTICLE III

Registered Agent. James P. Mullen, Esq., having an office at 222 Mt. Airy Road, Suite 210, Basking Ridge, NJ 07920, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

Purpose and Powers of the Association. This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for the maintenance, preservation and control of the Common Elements within that certain tract of property described in the Exhibits of a certain Master Deed entitled Morristown Square, a Condominium recorded or intended to be recorded in the Office of the Clerk of Morris County, as same may be amended and supplemented as therein provided and to promote the health, safety and welfare of the residents within the above described property and for these purposes:

- (a) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Master Deed and in the By-Laws of the Association, as they both may be amended and supplemented from time to time as therein provided, said Master Deed and By-Laws being incorporated herein, as if set forth at length;
- (b) to fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of said Master Deed and By-Laws of the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) to borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) to have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of New Jersey by law may now or hereafter have or exercise.

#### ARTICLE V

Membership. Every person or entity who is a record owner of a fee interest in any Unit which is subject to the Master Deed and qualifies in accordance with the By-Laws shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of any such Unit shall be the sole qualification for membership. Upon termination of the interest of the Unit Owner, his membership shall automatically terminate and shall be transferred and shall inure to the new Unit Owner succeeding him in interest.

#### ARTICLE VI

Board of Trustees. The affairs of this Association shall be managed by a Board of Trustees. The initial Board of Trustees shall be composed of three persons who need not be members of the Association. The number of Trustees may be changed pursuant to the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Trustees until the selection of their successors are:

James P. Mullen  
Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920

Ann-Marie McVay  
Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920

Adam Schueftan  
Pulte Homes of NJ, Limited Partnership  
222 Mt. Airy Road, Suite 210  
Basking Ridge, NJ 07920

The method of electing Trustees shall be set forth in the By-Laws of the Association.

#### ARTICLE VII

Distribution of Assets. Upon dissolution, the assets of the Association shall be distributed in accordance with each Unit's appurtenant proportionate interest in the Common Elements of the Condominium.



**ARTICLE VIII**

Duration. The Association shall exist perpetually.

**ARTICLE IX**

Amendments. Amendment of this Certificate shall require the assent of 75% percent of the members of the Association.

**ARTICLE X**

Incorporator. J. Scott Anderson, Esq., whose address is Giordano, Halleran & Ciesla, P.C., 125 Half Mile Road, Suite 300, Red Bank, New Jersey 07701, is hereby appointed the incorporator of this Association.

IN WITNESS WHEREOF, for the purpose of forming this nonprofit corporation under the laws of the State of New Jersey, the undersigned, the incorporator of this Association, has executed this Certificate of Incorporation this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
J. Scott Anderson, Esq.

Docs #864392-v1

EXHIBIT G

DEED NOTICE

The model document in this appendix contains blanks and matter in brackets [ ]. These blanks shall be replaced with the appropriate information prior to submission to the Department for approval. The model document in this appendix is not subject to the variance provisions of N.J.A.C. 7:26E-1.7.

Matter bracketed [ ] is not intended for deletion, but rather is intended to be descriptive of the variable information that may be contained in the final document.

IN ACCORDANCE WITH N.J.S.A. 58:10B-13, THIS DOCUMENT IS TO BE RECORDED IN THE SAME MANNER AS ARE DEEDS AND OTHER INTERESTS IN REAL PROPERTY.

Prepared by: \_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print name below signature]

Recorded by:

\_\_\_\_\_  
[Signature, Officer of County Recording Office]

\_\_\_\_\_  
[Print name below signature]

DEED NOTICE

This Deed Notice is made as of the \_\_\_\_\_ day of \_\_\_\_\_, by [Insert the full legal name and address of each current property owner] (together with his/her/its/their successors and assigns, collectively "Owner").

1. THE PROPERTY. [Insert the full legal name and address of each current property owner] [Insert as appropriate: "is", or "are" the owner in fee simple of certain real property designated as Block(s) \_\_\_\_\_ Lot(s) \_\_\_\_\_, on the tax map of the [Insert, as appropriate: City/Borough/Township/Town] of [Insert the name of municipality], [Insert the name of county] County; the New Jersey Department of Environmental Protection Program Interest Number (Preferred ID) for the contaminated site which includes this property is [Insert the Program Interest Number (Preferred ID)]; and the property is more particularly described in Exhibit A, which is attached hereto and made a part hereof (the "Property").

2. DEPARTMENT'S ASSIGNED BUREAU. The *[insert name of Bureau]* was the New Jersey Department of Environmental Protection program that was responsible for the oversight of the remediation of the Property. The matter was Case No. *[insert Program Interest Number (Preferred ID)]*.

3. SOIL CONTAMINATION. *[Insert the full legal name of the person that was responsible for conducting the remediation]* has remediated contaminated soil at the Property, and the New Jersey Department of Environmental Protection approved a remedial action on *[Insert date of Department's approval]*, such that soil contamination remains in certain areas of the Property which contains contaminants in concentrations that do not allow for the unrestricted use of the Property; this soil contamination is described, including the type, concentration and specific location of such contaminants, in Exhibit B, which is attached hereto and made a part hereof. As a result, there is a statutory requirement for this Deed Notice *[include if appropriate: and engineering controls]* in accordance with N.J.S.A. 58:10B-13.

4. CONSIDERATION. In accordance with the New Jersey Department of Environmental Protection's approval of the remedial action work plan for the remediation of the site which included the Property, and in consideration of the terms and conditions of that approval, and other good and valuable consideration, Owner has agreed to subject the Property to certain statutory and regulatory requirements which impose restrictions upon the use of the Property, to restrict certain uses of the Property, and to provide notice to subsequent owners, lessees and operators of the restrictions and the monitoring, maintenance, and biennial certification requirements outlined in this Deed Notice and required by law, as set forth herein.

5A. RESTRICTED AREAS. Due to the presence of these contaminants, the Owner has agreed, as part of the remedial action for the Property, to restrict the use of certain parts of the Property (the "Restricted Areas"); a narrative description of these restrictions, along with the associated monitoring and maintenance activities and the biennial certification requirements are provided in Exhibit C, which is attached hereto and made a part hereof. The Owner has also agreed to maintain a list of these restrictions on site for inspection by governmental enforcement officials.

*[Insert the following paragraph when engineering controls are also implemented at the site:*

5B. ENGINEERING CONTROLS. Due to the presence and concentration of these contaminants, the Owner has also agreed, as part of the remedial action for the Property, to the placement of certain engineering controls on the Property; a narrative description of these engineering controls, along with the associated monitoring and maintenance activities and the biennial certification requirements are provided in Exhibit C.]

#### 6A. ALTERATIONS, IMPROVEMENTS, AND DISTURBANCES.

i. Except as provided in Paragraph 6B, below, no person shall make, or allow to be made, any alteration, improvement, or disturbance in, to, or about the Property which disturbs any engineering control at the Property without first obtaining the express written consent of the Department of Environmental Protection. Nothing herein shall constitute a

waiver of the obligation of any person to comply with all applicable laws and regulations including, without limitation, the applicable rules of the Occupational Safety and Health Administration. To request the consent of the Department of Environmental Protection, contact:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413

ii. Notwithstanding subparagraph 6A.i., above, the Department of Environmental Protection's express written consent is not required for any alteration, improvement, or disturbance provided that the owner, lessee or operator:

(A) Notifies the Department of Environmental Protection of the activity by calling the DEP Hotline, at 1-877-WARN-DEP or 1-877-927-6337, within twenty-four (24) hours after the beginning of each alteration, improvement, or disturbance;

(B) Restores any disturbance of an engineering control to pre-disturbance conditions within sixty (60) calendar days after the initiation of the alteration, improvement or disturbance;

(C) Ensures that all applicable worker health and safety laws and regulations are followed during the alteration, improvement, or disturbance, and during the restoration;

(D) Ensures that exposure to contamination in excess of the applicable remediation standards does not occur;

(E) Submits a written report, describing the alteration, improvement, or disturbance, to the Department of Environmental Protection within sixty (60) calendar days after the end of each alteration, improvement, or disturbance. The owner, lessee or operator shall include in the report the nature of the alteration, improvement, or disturbance, the dates and duration of the alteration, improvement, or disturbance, the name of key individuals and their affiliations conducting the alteration, improvement, or disturbance, a description of the notice the Owner gave to those persons prior to the disturbance, the amounts of soil generated for disposal, if any, the final disposition and any precautions taken to prevent exposure. The owner, lessee, or operator shall submit the report to:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413

*[Insert the following paragraph when engineering controls are also implemented at the site:*

6B. EMERGENCIES. In the event of an emergency which presents, or may present, an unacceptable risk to the public health and safety, or to the environment, any person may temporarily breach any engineering control provided that that person complies with each of the following:

- i. Immediately notifies the Department of Environmental Protection of the emergency, by calling the DEP Hotline at 1-877-WARNDEP or 1-877-927-6337;
- ii. Limits both the actual disturbance and the time needed for the disturbance to the minimum reasonably necessary to adequately respond to the emergency;
- iii. Implements all measures necessary to limit actual or potential, present or future risk of exposure to humans or the environment to the contamination;
- iv. Notifies the Department of Environmental Protection when the emergency has ended by calling the DEP Hotline at 1-877-WARNDEP or 1-877-927-6337;
- v. Restores the engineering control to the pre-emergency conditions as soon as possible, and provides a written report to the Department of Environmental Protection of such emergency and restoration efforts within sixty (60) calendar days after completion of the restoration of the engineering control. The report must include all information pertinent to the emergency, potential discharges of contaminants, and restoration measures that were implemented, which, at a minimum, should specify: (a) the nature and likely cause of the emergency, (b) the potential discharges of or exposures to contaminants, if any, that may have occurred, (c) the measures that have been taken to mitigate the effects of the emergency on human health and the environment, (d) the measures completed or implemented to restore the engineering control, and (e) the changes to the engineering control or site operation and maintenance plan to prevent reoccurrence of such conditions in the future. The owner, lessee, or operator shall submit the report to:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413]

**7A. MONITORING AND MAINTENANCE OF DEED NOTICE, AND PROTECTIVENESS CERTIFICATION.** The persons in any way responsible, pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11a et seq., for the hazardous substances that remain at the Property, the persons responsible for conducting the remediation, the Owner, and the subsequent owners, lessees, and operators, shall monitor and maintain this Deed Notice, and certify to the Department on a biennial basis that the remedial action that includes this Deed Notice remains protective of the public health and safety and of the environment. The subsequent owners, lessees and operators have this obligation only during their ownership, tenancy, or operation. The specific obligations to monitor and maintain the deed notice shall include all of the following:

i. Monitoring and maintaining this Deed Notice according to the requirements in Exhibit C, to ensure that the remedial action that includes the Deed Notice continues to be protective of the public health and safety and of the environment;

ii. Conducting any additional remedial investigations and implement any additional remedial actions, that are necessary to correct, mitigate, or abate each problem related to the protectiveness of the remedial action for the site prior to the date that the certification is due to the Department pursuant to iii, below, in order to ensure that the remedial action that includes this Deed Notice remains protective of the public health and safety and of the environment.

iii. Certify to the Department of Environmental Protection as to the continued protectiveness of the remedial action that includes this Deed Notice, on a form provided by the Department and consistent with N.J.A.C. 7:26C-1.2 (a)l, every two years on the anniversary of the date stamped on the deed notice that indicates when the deed notice was recorded;

*[Insert the following paragraph if the soil remedial action included any engineering controls at the site:*

**7B. MONITORING AND MAINTENANCE OF ENGINEERING CONTROLS, AND PROTECTIVENESS CERTIFICATION.** The persons in any way responsible, pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11a et seq., for the hazardous substances that remain at the Property, the person responsible for conducting the remediation, and, the Owner, and the subsequent owners, lessees, and operators, shall maintain all engineering controls at the Property and certify to the Department on a

biennial basis that the remedial action of which each engineering control is a part remains protective of the public health and safety and of the environment. The subsequent owners, lessees and operators have this obligation only during their ownership, tenancy, or operation. The specific obligations to monitor and maintain the engineering controls shall include the following:

i. Monitoring and maintaining each engineering control according to the requirements in Exhibit C, to ensure that the remedial action that includes the engineering control continues to be protective of the public health and safety and of the environment;

ii. Conducting any additional remedial investigations and implement any additional remedial actions, that are necessary to correct, mitigate, or abate each problem related to the protectiveness of the remedial action for the Property prior to the date that the certification is due to the Department pursuant to iii, below, in order to ensure that the remedial action that includes the engineering control remains protective of the public health and safety and of the environment.

iii. Certify to the Department of Environmental Protection as to the continued protectiveness of the remedial action that includes the engineering control, on a form provided by the Department and consistent with N.J.A.C. 7:26C-1.2 (a)1, every two years on the anniversary of the date stamped on the deed notice that indicates when the deed notice was recorded.

8. ACCESS. The Owner and the subsequent owners, lessees and operators agree to allow the Department, its agents and representatives access to the Property to inspect and evaluate the continued protectiveness of the remedial action that includes this Deed Notice and to conduct additional remediation to ensure the protection of the public health and safety and of the environment if persons responsible for monitoring the protectiveness of the remedial action, as described in Paragraph 7, above, fail to conduct such remediation pursuant to this Deed Notice as required by law. The Owner, and the subsequent owners and lessees, shall also cause all leases, subleases, grants, and other written transfers of an interest in the Restricted Areas to contain a provision expressly requiring that all holders thereof provide such access to the Department.

#### 9. NOTICES.

i. The Owner and the subsequent owners and lessees, shall cause all leases, grants, and other written transfers of an interest in the Restricted Areas to contain a provision expressly requiring all holders thereof to take the Property subject to the restrictions contained herein and to comply with all, and not to violate any of the conditions of this Deed Notice. Nothing contained in this Paragraph shall be construed as limiting any obligation of any person to provide any notice required by any law, regulation, or order of any governmental authority.

ii. Owner and all subsequent owners and lessees shall notify any person intending to conduct invasive work or excavate within the Restricted Areas at the Property, including, without limitation, tenants, employees of tenants, and contractors of the nature and location of contamination in the Restricted Areas, and, of the precautions necessary to minimize potential human exposure to contaminants.

iii. The Owner and the subsequent owners shall provide written notice to the Department of Environmental Protection at least thirty (30) calendar days before the effective date of any conveyance, grant, gift, or other transfer, in whole or in part, of the owner's interest in the Restricted Area.

iv. The Owner and the subsequent owners shall provide written notice to the Department within thirty (30) calendar days following the owner's petition for or filing of any document initiating a rezoning of the Property. The Owner and the subsequent owners shall submit the written notice to:

Department of Environmental Protection  
Division of Remediation Management and Response  
Bureau of Operation, Maintenance, and Monitoring  
Deed Notice Inspection Program  
P.O. Box 413  
401 E. State Street  
Trenton, NJ 08625-0413.

#### 10. ENFORCEMENT OF VIOLATIONS.

i. This Deed Notice itself is not intended to create any interest in real estate in favor of the Department of Environmental Protection, nor to create a lien against the Property, but merely is intended to provide notice of certain conditions and restrictions on the Property and to reflect the regulatory and statutory obligations imposed as a conditional remedial action for this site.

ii. The restrictions provided herein may be enforceable solely by the Department against any person who violates this Deed Notice. To enforce violations of this Deed Notice, the Department may initiate one or more enforcement actions pursuant to N.J.S.A. 58:10-23.11u and require additional remediation and assess damages pursuant to N.J.S.A. 58:10-23.11g.

11. SEVERABILITY. If any court of competent jurisdiction determines that any provision of this Deed Notice requires modification, such provision shall be deemed to have been modified automatically to conform to such requirements. If a court of competent jurisdiction determines that any provision of this Deed Notice is invalid or unenforceable and the provision is of such a nature that it cannot be modified, the provision shall be deemed deleted from this instrument as though the provision had never been included herein. In either case, the remaining provisions of this Deed Notice shall remain in full force and effect.

12. SUCCESSORS AND ASSIGNS. This Deed Notice shall be binding upon Owner and upon Owner's successors and assigns, and subsequent owners, lessees and operators while each is an owner, lessee, or operator of the Property.

#### 13. MODIFICATION AND TERMINATION.



i. Any person may request in writing, at any time, that the Department modify this Deed Notice where performance of subsequent remedial actions, a change of conditions at the Property, or the adoption of revised remediation standards suggest that modification of the Deed Notice would be appropriate.

ii. Any person may request in writing, at any time, that the Department terminate this Deed Notice because the conditions which triggered the need for this Deed Notice are no longer applicable.

iii. This Deed Notice may be revised or terminated only upon filing of an instrument, executed by the Department, in the office of the *[Insert as appropriate the County Clerk/Register of Deeds and Mortgages]* of *[Insert the name of the County]* County, New Jersey, expressly modifying or terminating this Deed Notice.

14A. EXHIBIT A. Exhibit A includes the following maps of the Property and the vicinity:

i. Exhibit A-1: Vicinity Map - A map that identifies by name the roads, and other important geographical features in the vicinity of the Property (for example, Hagstrom County Maps);

ii. Exhibit A-2: Metes and Bounds Description - A metes and bounds description of the Property, including reference to tax lot and block numbers for the Property;

iii. Exhibit A-3: Property Map - A scaled map of the Property, scaled at one inch to 200 feet or less, and if more than one map is submitted, the maps shall be presented as overlays, keyed to a base map; and the Property Map shall include diagrams of major surface topographical features such as buildings, roads, and parking lots.

14B. EXHIBIT B. Exhibit B includes the following descriptions of the Restricted Areas:

i. Exhibit B-1: Restricted Area Map - A separate map for each restricted area that includes:

(A) As-built diagrams of each engineering control, including caps, fences, slurry walls, ground water monitoring wells, and ground water pumping system;

(B) As-built diagrams of any buildings, roads, parking lots and other structures that function as engineering controls; and

(C) Designation of all soil and sediment sample locations within the restricted areas that exceed any soil or sediment standard that are keyed into one of the tables described in the following paragraph.

ii. Exhibit B-2: Restricted Area Data Table - A separate table for each restricted area that includes:

- (A) Sample location designation from Restricted Area map (Exhibit B-1);
- (B) Sample elevation based upon mean sea level;
- (C) Name and chemical abstract service registry number of each contaminant with a concentration that exceeds the unrestricted use standard;
- (D) The restricted and unrestricted use standards for each contaminant in the table;  
and
- (E) The remaining concentration of each contaminant at each sample location at each elevation (or if historic fill, include data from the Department's default concentrations at N.J.A.C. 7:26E-4.6, Table 4-2).

14C. EXHIBIT C. Exhibit C includes narrative descriptions of the institutional controls [Insert as appropriate: and engineering controls] as follows:

i. Exhibit C-1: Deed Notice as Institutional Control: Exhibit C-1 includes a narrative description of the restriction and obligations of this Deed Notice that are in addition to those describe above, as follows:

(A) General Description of this Deed Notice:

- (1) Description and estimated size of the Restricted Areas as described above;
- (2) Description of the restrictions on the Property by operation of this Deed Notice; and
- (3) The objective of the restrictions.

(B) Description of the monitoring necessary to determine whether:

- (1) Any disturbances of the soil in the Restricted Areas did not result in the unacceptable exposure to the soil contamination;
- (2) There have been any land use changes subsequent to the filing of this Deed Notice or the most recent biennial certification, whichever is more recent;
- (3) The current land use on the Property is consistent with the restrictions in this Deed Notice;
- (4) Any newly promulgated or modified requirements of applicable regulations or laws apply to the site; and

(5) Any new standards, regulations, or laws apply to the site that might necessitate additional sampling in order to evaluate the protectiveness of the remedial action which includes this Deed Notice, and conduct the necessary sampling.

(C) Description of the following items that will be included in the biennial certification:

(1) A monitoring report that describes the specific activities, pursuant to (A) and (B), above, conducted in support of the biennial certification of the protectiveness of the remedial action that includes this Deed Notice;

(2) Land use at the Property is consistent with the restrictions in this Deed Notice; and

(3) The remedial action that includes this Deed Notice continues to be protective of the public health and safety and of the environment.

*[Insert the following if engineering controls are part of the remedial action for the site:*

ii. Exhibit C-2: *[Insert the name of the first engineering control]*: Exhibit C-2 includes a narrative description of *[Insert the name of the first engineering control]* as follows:

(A) General Description of the engineering control:

(1) Description of the engineering control;

(2) The objective of the engineering control; and

(3) How the engineering control is intended to function.

(B) Description of the operation and maintenance necessary to ensure that:

(1) Periodic inspections of each engineering control are performed in order to determine its integrity, operability, and effectiveness;

(2) Each engineering control continues as designed and intended to protect the public health and safety and the environment;

(3) Each alteration, excavation or disturbance of any engineering control is timely and appropriately addressed to maintain the integrity of the engineering control;

(4) This engineering control is being inspected and maintained and its integrity remains so that the remedial action continues to be protective of the public health and safety and of the environment;

(5) A record of the self-inspection dates, name of the inspector, results of the inspection and condition(s) of this engineering control. Sampling, for example, may be necessary if it is not possible to visually evaluate the integrity/ performance of this engineering control; and

(6) Any new standards, regulations, or laws apply to the site that might necessitate additional sampling in order to evaluate the protectiveness of the remedial action which includes this Deed Notice, and conduct the necessary sampling.

(C) Description of the following items that will be included in the biennial certification:

(1) A monitoring report that describes the specific activities, pursuant to (A) and (B), above, conducted in support of the biennial certification of the protectiveness of the remedial action that includes this Deed Notice;

(2) The engineering controls continue to operate as designed; and

(3) The remedial action that includes the engineering control continues to be protective of the public health and safety and of the environment.

*Repeat the contents of Exhibit C-2, renumbering accordingly, for each separate engineering control that is part of the remedial action for the site.]*

15. SIGNATURES. IN WITNESS WHEREOF, Owner has executed this Deed Notice as of the date first written above.

[If Owner is an individual]

WITNESS:

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print name below signature]

[If Owner is a corporation]

ATTEST:

[Name of corporation]

By \_\_\_\_\_

\_\_\_\_\_  
[Print name and title]

\_\_\_\_\_  
[Signature]

[If Owner is a general or limited partnership]

WITNESS: \_\_\_\_\_ [Name of partnership]

\_\_\_\_\_  
[Signature] By \_\_\_\_\_, General  
[Print name] Partner

[If Owner is an individual]

STATE OF [State where document is executed] SS.:  
COUNTY OF [County where document is executed]

I certify that on \_\_\_\_\_, 20, [Name of Owner] personally came before me, and this person acknowledged under oath, to my satisfaction, that this person [or if more than one person, each person]

- (a) is named in and personally signed this document; and
- (b) signed, sealed and delivered this document as his or her act and deed.

\_\_\_\_\_  
[Print Name and Title], Notary Public

[If Owner is a corporation]

STATE OF [State where document is executed] SS.:  
COUNTY OF [County where document is executed]

I certify that on \_\_\_\_\_, 20, [Name of person executing document on behalf of Owner] personally came before me, and this person acknowledged under oath, to my satisfaction, that:

(a) this person is the [secretary/assistant secretary] of [Owner], the corporation named in this document;

(b) this person is the attesting witness to the signing of this document by the proper corporate officer who is the [president/vice president] of the corporation;

(c) this document was signed and delivered by the corporation as its voluntary act and was duly authorized;

(d) this person knows the proper seal of the corporation which was affixed to this document; and

(e) this person signed this proof to attest to the truth of these facts.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print name and title of attesting witness]

Signed and sworn before me on \_\_\_\_\_, 20\_\_

\_\_\_\_\_, Notary Public

\_\_\_\_\_  
[Print name and title]

[If Owner is a partnership]

STATE OF [State where document is executed]      SS.:  
COUNTY OF [County where document is executed]

I certify that on \_\_\_\_\_, 20 , [Name of person executing document on behalf of Owner] personally came before me, and this person acknowledged under oath, to my satisfaction, that this person:

(a) is a general partner of [Owner], the partnership named in this document;

(b) signed, sealed and delivered this document as his or her act and deed in his capacity as a general partner of [owner]; and

(c) this document was signed and delivered by such partnership as its voluntary act, duly authorized.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_, General Partner [Print Name]

\_\_\_\_\_, Notary Public

\_\_\_\_\_  
[Print name and title]

Ducs #985204-v1