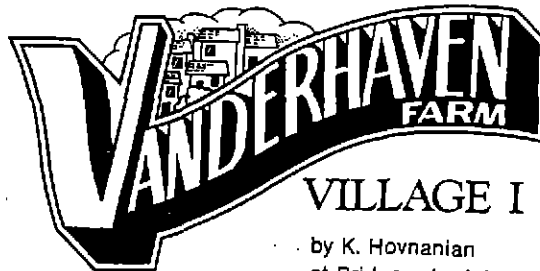


VANDERHAVEN FARMS, VILLAGE I
CONDOMINIUM ASSOCIATION
PUBLIC OFFERING STATEMENT



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PUBLIC OFFERING STATEMENT



by K. Hovnanian
at Bridgewater I, Inc.

Developer

10 Highway 35 • P.O. Box 500 • Red Bank, N.J. 07701

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 HOUSING AND DEVELOPMENT HAS NEITHER APPROVED NOR DISAPPROVED THE MERITS OF THIS OFFERING.

YOU HAVE THE RIGHT TO CANCEL ANY CONTRACT OR AGREEMENT FOR THE PURCHASE OF ANY LOT, PARCEL, UNIT OR INTEREST IN THIS DEVELOPMENT, WITHOUT CAUSE, BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER OR HIS AGENT BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE CONTRACT OR AGREEMENT IS EXECUTED, SUCH CANCELLATION IS WITHOUT PENALTY, AND ALL MONIES PAID SHALL BE PROMPTLY REFUNDED.

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

*The Effective Date of this Offering Statement is
April 30, 1987
Registration No. R-1700*

PUBLIC OFFERING STATEMENT
VANDERHAVEN FARM, VILLAGE I CONDOMINIUM
BRIDGEWATER TOWNSHIP, NEW JERSEY
K. HOVNANIAN AT BRIDGEWATER I, INC.,

10 Highway 35
P. O. Box 500
Red Bank, N. J. 07701

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PREPARED BY:

EDWARD A. ISRAELOW, ESQ.
10 Highway 35, P.O. Box 500
Red Bank, NJ 07701

TABLE OF CONTENTS

0000300 VHF

FOREWORD	Page
Section A. Name and Principal Address of Developer.....	1
Section B. Interest Being Offered.....	1
Section C. Description of Development.....	1
Section D. Relevant Community Information.....	2
Section E. Recreational Facilities.....	4
Section F. Operation of Common Elements.....	4
Section G. Control of Operation of Common Elements.....	5
Section H. Proposed Budget for Operation of Common Elements.....	5
Section I. Service Contracts.....	6
Section J. Relationship Between Developer and Service Agents.....	6
Section K. Master Deed and Declaration of Covenants and Restrictions and By-Laws of the Condominium Association.....	6
Section L. Restriction on Occupancy, Alienation & Alteration.....	6
Section M. Bargain and Sale Deed with Covenant Against Grantor's Act..	8
Section N. Downpayments and Deposits.....	8
Section O. Title Insurance Policy.....	9
Section P. Encumbrances, Easements and Restrictions.....	9
Section Q. Adverse Natural Forces.....	9
Section R. Manmade Forces.....	10
Section S. Existing and Estimated Real Estate Taxes.....	10
Section T. Special Taxes and Assessments.....	11
Section U. Closing Costs Charged by the Developer and Payable by the Purchaser.....	11
Section V. Warranties.....	11
Section W. Other Developments.....	12
Section X. Purchasers Right to Cancel.....	13
Section Y. Insurance.....	13
Section Z. Other Information.....	14

INDEX OF DOCUMENTS

<u>DOCUMENT</u>	<u>PAGE</u>
Affordable Housing Plan	97
Bylaws of Association	64
Budget of Association	129
Certificate of Incorporation of Association	127
Deed	143
Deed - Affordable Condominium	145
Floor Plans	89
Homeowners Warranty	172
Letter of Adequacy of Budget	135
Letter of Adequacy of Insurance	138
Management Contract	142
Map of Vanderhaven Farm, Village I Condominium	47
Master Deed and Declaration of Restrictive and Protective Covenants	17
Sales Contract	147
Title Insurance Policy	153

FOREWORD

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K. HOVNANIAN AT BRIDGEWATER I, INC., a New Jersey Corporation, hereby presents its Public Offering Statement for condominium ownership of land located in the Township of Bridgewater, County of Somerset, State of New Jersey, and the buildings and other improvements to be constructed thereon. The condominium thus established shall be known as VANDERHAVEN FARM, VILLAGE I CONDOMINIUM and shall be referred to as Vanderhaven Farm, Village I Condominium. This Public Offering Statement is intended only as a summary of the main features proposed by K. HOVNANIAN AT BRIDGEWATER I, INC., and of the legal documents required for the creation of the condominium.

Because of the complexity and interdependence of those legal documents, all of the developer's sales and other representatives are prohibited from changing any of the terms and conditions hereof or attempting to interpret their legal effect.

You are urged to consult your own counsel in connection with a review of these documents. The developer's counsel, in turn, will be available to discuss any matter that your counsel may wish to discuss.

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SECTION A. NAME AND PRINCIPAL ADDRESS OF THE DEVELOPER

THE DEVELOPER OF VANDERHAVEN FARM, VILLAGE I CONDOMINIUM IS K. HOVNANIAN AT BRIDGEWATER I, INC., a Corporation of the State of New Jersey, with headquarters at 10 Highway 35, P. O. Box 500, Red Bank, N. J. 07701. K. Hovnanian at Bridgewater I, Inc., is a wholly owned subsidiary of K. Hovnanian Development Companies of New Jersey, Inc., with headquarters at 10 Highway 35, P. O. Box 500, Red Bank, New Jersey 07701.

SECTION B. THE INTEREST BEING OFFERED

The developer is offering townhouse and condominium dwelling units consisting of two and three bedroom units in two story buildings. A parking space will be assigned to each unit at no charge to the owner. A total of 345 spaces will be assigned and 411 spaces will remain unassigned. Under the condominium form of ownership, an owner of a condominium unit owns the area encompassed by the undecorated interior surfaces of the exterior walls, floor and ceilings of the particular dwelling unit, in fee simple. Condominium units are therefore transferable by Deed as any other real property and can be mortgaged. In addition to the ownership of the area encompassed by a condominium unit, a condominium unit owner also owns an undivided proportionate share of all of the common elements in a particular condominium.

The items ordinarily considered common elements are the lands upon which are located all the buildings in their particular condominium, building foundation, party walls, roof, load bearing interior walls, central services, hallways and stairs servicing more than one unit, and parking areas, walkways and landscaping within a condominium. For a statutory definition of "common elements", refer to N.J.S.A.46:8B-3(d).

When an owner sells his interest in a particular condominium unit, he conveys both the living space occupied by him and his undivided interest in the common elements. No unit is subject to the lien of any mortgage placed by any other owner on other units. Each unit may also be subject to liens for any unpaid common charges attributable to that unit. Each unit, along with its proportionate interest in the common elements will be taxed as a private tax lot for real estate tax purposes, just as a private home. No owner will be responsible for the payment of taxes on units other than his own.

The Board of Trustees of the Condominium Association shall assess charges against each unit for maintenance of the common elements and for the operating costs of the condominium, including the recreational facilities pursuant to Article 13 of the Association By Laws. No unit owner may exempt himself from the payment of any of the common charges by non-use of the recreational facilities. Each unit owner shall be responsible for payment of all utilities used within his unit. Utility charges for the common elements and recreation facilities will be billed to the Condominium Association and paid as part of the common charges.

SECTION C. DESCRIPTION OF DEVELOPMENT

Vanderhaven Farm, Village I Condominium will be constructed on land owned by K. Hovnanian at Bridgewater I, Inc., located in Bridgewater, New Jersey. Vanderhaven Farm, Village I Condominium will be constructed on approximately 52.24 acres. When completed, Vanderhaven Farm, Village I Condominium may consist of 345 townhouse and condominium dwelling units of two and three bedroom types of varying square footages. Units will be either garden or townhouse style in buildings of two levels. Ingress and egress to the project will be provided by the Developer constructing a private road (Doolittle Drive) off of VanderVeer Road. All streets within the project boundaries will be maintained by the Vanderhaven Farm, Village I Condominium Association. The roads will be built to Township specifications. The landscaping and grass in the common areas of the Condominium will be watered by an automated underground sprinkler system.

Initially, only Phase 1 of the Condominium consisting of 20 units will be submitted to the Condominium regime. Ultimately, if sales and financing conditions permit, additional phases, or portions of phases will be added until the Condominium achieves a total size of 345 units. Purchasers of units in Phase 1 will acquire a 1/20th undivided interest in the limited common elements and common elements of the Condominium development. As additional phases (and units) are added to the Condominium, the percentage interest will be reduced until each unit owner owns a 1/345th undivided interest in the limited common elements and common elements of the Condominium. The Developer, however, is under no obligation to expand the Condominium beyond the initial 20 units. If and when completely developed, Vanderhaven Farm, Village I Condominium is contemplated to contain 345 units.

The Developer has retained the right to amend the Master Deed so as to increase or decrease the number of units and area of lands in the Condominium, thereby increasing or decreasing voting rights, the share of limited common and common elements, and the percentage share of expenses for maintenance of each unit accordingly. This right expires when all 345 condominium units are sold, or five years from the recording of the Master Deed, whichever occurs first.

As explained above, the Condominium may be expanded from time to time in the future to include additional phases. The additional phases (which may not necessarily be added in numerical order) are as follows:

Phase	Bldg. Nos.	Total No. of Units	Estimated Completion Date*
1	1, 2 & 3	20	September, 1987
2	4, 5 & 7	22	September, 1987
3	6 & 8	16	August, 1987
4	22 & 23	24	December, 1987
5	25 & 27	32	October, 1987
6	24 & 26	32	November, 1987
7	29	16	October, 1987
8	28 & 30	24	November, 1987
9	31 & 32	16	January, 1988
10	33, 35 & 37	24	February, 1988
11	34 & 36	16	February, 1988
12	15, 18 & 20	24	January, 1988
13	17, 19 & 21	24	January, 1988
14	14 & 16	16	December, 1987
15	9, 11 & 13	24	October, 1987
16	10 & 12	15	October, 1987
17	Recreational Facilities		November, 1987

*The anticipated completion dates listed above are the Developer's good faith estimate only. These dates are not intended, nor can they be construed as firm definite dates. The actual completion date is controlled by the terms and conditions contained in the Agreement of Sale.

At present, there are plans for eight (8) model types. Copies of the floor plans are attached as exhibits to the Master Deed. As market conditions dictate, additional models may be offered.

The recreation area will be part of the common elements. It is contemplated to be completed no later than November, 1987. However, if these future stages are not added to the condominium, Sponsor is not obligated to complete these recreation facilities. The right of Sponsor to not complete or add the recreation area to the condominium expires when all 345 condominium units are sold, or five years from the recording of the Master Deed, whichever occurs first.

SECTION D. RELEVANT COMMUNITY INFORMATION

The Township of Bridgewater is located in Somerset County, New Jersey. The Township includes the communities of Chimney Rock and Martinsville. It is bordered on the west by Branchburg Township, on the north by Bernards

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Township, on the east by the Borough of Bound Brook and the south by the Boroughs of Raritan and Somerville. Bridgewater is also southwest of Warren Township and southeast of Bedminster Township and is approximately 30 miles from Newark, New Jersey. Bridgewater covers a total area of 32.68 square miles. The main water course is the Raritan River bordering the west side of Bridgewater Township.

Bridgewater Township is rich in American history. The township was formed by Royal Charter by King George II of England on April 4, 1749. Formerly 55 square miles, it originally covered parts of Warren Township, Branchburg Township and all of what is now Somerville, Bound Brook and Raritan. Early settlers of Bridgewater Township were a mixture of Dutch, English, Scotch and Irish. Bridgewater was the scene of two American military encampments during the Revolutionary War. The first was in 1777 and lasted 35 days and the second was in 1778-79 when the troops made winter camp at what today is known as the Middlebrook Encampment. General George Washington and every officer in his command visited and stayed in Bridgewater during the Middlebrook Encampment.

Today, Bridgewater Township is a semi-rural area. Currently more than 40% of the land is residential, 30% agricultural or undeveloped, 10% industrial and 7% parks. The zoning goal is to remain primarily residential. Therefore, commercial zones are located mainly along major highways.

The population of the Township is approximately 29,000.

Major Roadways. Two interstate highways run through Bridgewater Township: I-287 and I-78. Four additional major roads intersect the Township being Route 22, 202, 206 and 28. These roadways provide excellent access to northern and southern New Jersey as well as to Pennsylvania and New York.

Transportation. Bus service to New York City and Wilkes-Barre, Pennsylvania is available from the Bridgewater Diner and Pastry Shoppe, Somerville Circle, Bridgewater on Martz Trailways. Train service is available at the Raritan-Valley Line-Raritan Railroad Station (approx. 2 miles) which makes runs to Newark-New York. Also, the North Branch Railroad Station (approx. 1 1/2 miles) has trains running west-northwest out to High Bridge on the Raritan Valley Line (in Branchburg Township). Newark International Airport is located approximately 30 miles northeast of Bridgewater. Also within driving distance are Allentown-Bethlehem-Easton Airport (ABE) in Pennsylvania and Kennedy International and LaGuardia Airports in New York.

Utilities. The following authorities and companies will provide service to the Project: Public Service Electric and Gas Company (electric and natural gas); Elizabethtown Water Company (water); and New Jersey Bell Telephone Company (telephone).

Hospitals. Somerset Medical Center in Somerville approximately 3 1/2 miles east of the development, serves the Bridgewater Township residents, as well as a number of private facilities in neighboring towns which are readily accessible.

Public Safety. Bridgewater's Department of Public Safety includes the Bridgewater Police Department with 45 officers. The six fire companies serving the Township are: Bradley Gardens, Country Hills, Finderne, Green Knoll, Martinsville, and North Branch. With 24 hour call, they total approximately 171 trained and qualified volunteer fire fighters. The four rescue squads within the Township are: Bradley Gardens, Finderne, Green Knoll and Martinsville. There are approximately 115 volunteer members.

Places of Worship. There are many places of worship within 10 miles of the project for a variety of denominations, including: Temple Beth El of Somerville (Somerville); Bridgewater Baptist Church (Bridgewater); First Baptist Church (Somerville); Church of Christ (Bridgewater); Emmanuel Reformed Episcopal Church (Somerville); and Bridgewater United Methodist Church (Bridgewater).

Radio and Television. All national network radio and television programs from New York City and Philadelphia are available to residents of Bridgewater as well as New Jersey's public television, JERSEYVISION. The local radio station is WBRW in Somerville.

Newspapers. The Courier News, whose main office is in Bridgewater, is the local daily newspaper. The Somerset Messenger-Gazette is the local weekly newspaper. Both are available for home delivery as are local, state, and out-of-state large city newspapers.

Recreational Facilities. Bridgewater Township offers a variety of recreational facilities for all seasons and all age groups. Bridgewater has 387.37 acres of parkland. Developed parks for active and passive recreation make up 88.42 acres. Some facilities within 3 miles of the Project are: North Branch Park (approx. 1/2 mile west); Raritan Valley Country Club (approx. 1 1/2 miles east); Green Knoll Golf Course (approx. 2 miles northeast); and Duke Island Park (approx. 2 miles south).

Community Points of Interest. A few points of interest within 5 miles of the Project are: Bridgewater Township Library (approx. 3 miles) and Ralph Reeve Cultural Center (approx. 1 mile).

School System. Schools for Bridgewater Township residents use are: Somerset County College (Branchburg, approx. 2 1/2 miles); Van Holten School (Bridgewater, approx. 1 1/2 miles); Bridgewater-Raritan High School West (Bridgewater, approx. 1 1/2 miles); Eisenhower Elementary School (Bridgewater, approx. 2 1/2 miles); Bradley Gardens Elementary School (Bridgewater, approx. 1 1/2 miles); and Midland School (Private - Branchburg, approx. 2 miles).

SECTION E. RECREATIONAL FACILITIES

The Developer may construct common recreational facilities including a clubhouse with a multipurpose room, lounge, office, kitchenette, storage, and men's and women's toilets which can be used while using the pool. The Clubhouse is a "square" shaped building containing 1600 square feet. This will permit occupancy by 110 people. A concrete swimming pool, 30 feet by 60 feet and 3 feet deep to 6 feet deep, will be constructed adjacent to the Clubhouse. Surrounding the swimming pool will be a patio area for the use of the members. Also two tennis courts will be constructed, in the area of the Clubhouse in Phase 17. The estimated completion date for the recreational facilities is November, 1987.

The Clubhouse will be centrally air conditioned. The Clubhouse construction will be consistent with the rest of the units. The Developer will provide two couches, four lounge chairs, two end tables, coffee table, carpeting. The Developer will also furnish twelve lounge chairs and twelve chairs for use on the swimming pool patio. The location of the Clubhouse, swimming pool and other recreational facilities is shown on the site plan attached as Exhibit "D" of the Master Deed. The common recreational facilities will be available only for the exclusive use of unit owners and their invited guests, and will not be available for use by the general public. Guest fees may be charged by the Association for non-members use. Use of common recreational facilities shall be subject to the rules and regulations adopted by the Association.

SECTION F. OPERATION OF COMMON ELEMENTS

Vanderhaven Farm, Village I Condominium Association, Inc., a non-profit corporation organized under Title 15A of the New Jersey Statutes, will be responsible for the operation and management of the common elements and facilities.

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SECTION G. CONTROL OF OPERATION OF COMMON ELEMENTS

Subject to the provisions of the Master Deed and By Laws of the Condominium Association, the control of the operation and management of the common elements and facilities will be the responsibility of the Vanderhaven Farm, Village I Condominium Association.

The Master Deed and By Laws prohibit the Condominium Association from making any assessment for common expenses prior to January 1, 1988. For those owners who close title to a unit prior to January 1, 1988, no condominium assessments will be due until January 1, 1988. For those owners who close title on or after January 1, 1988, condominium assessments will be due as of the date of closing and will be prorated to the date of closing. Prior to that date, the Developer shall pay all expenses of the common elements and facilities and have the sole discretion to determine the method of maintaining and administering the common elements and facilities. If the control of the Board of Trustees of the Condominium Association is given to individual unit owners prior to January 1, 1988, the Developer shall continue to be responsible for all expenses of the common elements and facilities, except that the Board of Trustees shall not be permitted to make any capital expenditures or increase for reserves without the prior written approval of the Developer until January 1, 1988. This shall not, however, result in the estimated Association assessment being artificially lowered.

The governing body of the Condominium Association will be a Board of Trustees, some of whom will be appointed by the Developer, and some will be elected by the individual unit owners in accordance with the By Laws of the Condominium Association. Initially, the developer appointed trustees will represent the entire membership of the Board of Trustees. Resident membership on the Board of Trustees will follow the dictates of the Condominium Laws of the State of New Jersey. Specifically, when unit owners other than the Developer own 25 percent or more of the units, the unit owners other than the Developer, shall be entitled to elect not less than 25 percent of the members of the Board of Trustees. When unit owners other than the Developer own 50 percent of the units, the unit owners other than the Developer shall be entitled to elect not less than 40 percent of the members of the Board of Trustees. When 75 percent of the units at Vanderhaven Farm, Village I Condominium have been conveyed to unit owners other than the Developer, the unit owners other than the Developer shall be entitled to elect 100 percent of the members of the Board of Trustees, provided, however, that the Developer may retain at least one member of the Board of Trustees so long as the Developer holds for sale in the ordinary course of business one or more units in Vanderhaven Farm, Village I Condominium. However, when some of the units in Vanderhaven Farm, Village I Condominium have been conveyed to the unit owners and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, the unit owners other than the Developer shall be entitled to elect all of the members of the Board of Trustees. The Developer may surrender control of the Board of Trustees of the Association prior to the time as specified, provided the owners agree by a majority vote to assume control. However, in no event shall the Developer retain control of the Board of Trustees later than April 1, 1994.

A copy of the Master Deed and By Laws are attached beginning on page 17.

A copy of the proposed Certificate of Incorporation for Vanderhaven Farm, Village I Condominium Association, Inc. is also attached on page 127.

SECTION H. PROPOSED BUDGET FOR OPERATION OF COMMON ELEMENTS

A copy of the proposed budget for the operation and maintenance of the common elements and facilities at full occupancy, as well as the amount set aside for replacement and reserves for the common elements as applied to each unit starts at page 129; a similar budget for Phase 1 starts at page 132 and a similar budget for Phases 1-3, 5-8, and 14-16 starts at page 133. The Board of Trustees of the Association prepares the annual budget

of the Association prior to the beginning of each fiscal year. Reserves are included in the annual budget and the Trustees shall review the amount of the reserves each year in order to evaluate the adequacy of the reserves.

SECTION I. SERVICE CONTRACTS

A Copy of the Management Contract affecting the maintenance of the development is attached on page 142 and expires one year from the date upon which the Master Deed is recorded. There are no other proposed or actual management, service or other contracts or agreements affecting the use, maintenance, or access of all or a part of the development. While the developer maintains a majority of representation on the executive board, he shall post a fidelity bond or other guarantee acceptable to the Agency, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

SECTION J. RELATIONSHIP BETWEEN DEVELOPER AND SERVICE AGENTS

Robert C. Krugh Community Management Co., Inc., the party contracted with by the condominium association for management services, is a wholly owned subsidiary of Hovnanian Enterprises, Inc. which has and does perform similar management services for other projects of the developer as well as for other developers and condominium associations.

SECTION K. MASTER DEED AND BY LAWS

A copy of the Master Deed and Declaration of Restrictive and Protective Covenants and a copy of the By Laws for Vanderhaven Farm, Village I Condominium is attached.

SECTION L. RESTRICTION ON OCCUPANCY, ALIENATION AND ALTERATION

Unit owners must comply with the terms of the Master Deed and Association By Laws as well as any rules and regulations which may be adopted by the Association pursuant to the terms thereof. The following is a summary of restrictions contained in the Master Deed and Association By Laws relating to the occupancy of the units, the right of alienation and the right of alteration of the unit.

No part of the property shall be used for other than residential dwellings and the common recreational purposes appurtenant thereto. Nothing shall be done or kept in any unit or common elements which will increase the rate of insurance of any other buildings or contents thereof applicable for residential use except in compliance with rules and regulations of the Board of Trustees of the Condominium Association. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on any of the buildings or contents thereof or which will be in violation of any law. No waste will be committed in any of the common elements.

Unit owners shall not cause or permit anything to be hung or displayed or placed on the outside walls, doors or windows of the building without the consent of the Board of Trustees of the Condominium Association. No signs shall be permitted on the exterior or interior of any unit. No owner shall be permitted to install or have installed any window air conditioner, fan, heat pump, solar collector or similar cooling, heating and/or ventilating device in any window, door or other exterior opening of a dwelling unit. No owner shall be permitted to erect or have erected any fence, partition, wall, divider, or similar structure exterior to their unit other than any such structure erected by the Developer. Residents may not store anything, including, but not limited to bicycles, barbecue grills, wood or garbage cans on common elements, including, but not limited to porches, patios, and sidewalks except in compliance with rules and regulations of the Association. Each and every purchaser shall be required to execute a Specific Power of Attorney which shall be part of the deed

conveying title of a condominium to the purchaser making the Sponsor the attorney-in-fact for the limited purposes described in the Master Deed and By-Laws.

No unit shall be rented by the owners thereof or otherwise utilized for transient or hotel purposes, which shall be defined as (1) rental for any period less than 180 days; or (2) any rental if the occupants of the unit are provided customary hotel services, such as room service for food and beverages, maid service, furnishing laundry or linen and bellboy service. No unit owner may lease less than an entire unit. Other than the foregoing obligations, the unit owner shall have the right to lease same provided that the terms of the lease are subject to all provisions of the Master Deed, By Laws of the Association, the Rules and Regulations of the Association, and the Condominium Act of the State of New Jersey.

Regarding the assessment of the pro rata unit share in the expenses of administration, maintenance and repair of the common elements, the Master Deed specifically states that upon the sale, conveyance, or other lawful transfer of title to a unit, all unpaid assessments, charges and expenses chargeable to the unit shall first be paid out of the sales price or by the acquirer in preference to any other assessments or charges of whatever nature except the following: (1) assessments, liens and charges for taxes past due and unpaid on the unit and (2) payments due under bona fide mortgage instruments, if any, duly recorded. The acquirer of a condominium unit shall be jointly and severally liable with the seller for the amount owing by the seller to the Association up to the time of the transfer of title without prejudice to the acquirer's right to recover from the seller the amount paid by him as such joint debtor. The Association shall provide for the issuance of and issue to every acquirer, upon his written request, a statement of such amounts due by the seller, and acquirer's liability under this covenant shall be limited to the amount as set forth in said statement.

No owner shall make any structural modifications or alterations within a dwelling unit without the written consent of the Condominium Association or its duly authorized representatives, and no act shall be done under any circumstances which does or may tend to impair the structural integrity of any of the buildings or adversely affect any of the common elements.

In addition to all of the above restrictions, the sixty-nine (69) predesignated affordable condominiums must comply with the terms of the Affordable Housing Plan, as well as any rules and regulations which may be adopted by the Bridgewater Township Housing Advisory Board ("Agency"). The following is a summary of restrictions contained in the Affordable Housing Plan which apply only to the sixty-nine (69) affordable condominiums and not to any of the other condominiums.

These sixty-nine (69) affordable condominiums shall only be owned and occupied by families of low and moderate income as same are defined by the Township of Bridgewater. These sixty-nine (69) affordable condominiums may only be resold to families of low and moderate income and may not be sold for a purchase price which is greater than the initial purchase price increased by the percentage increase of the Metropolitan New York Regional Consumer Price Index for Housing of the Department of Labor, or other index as the Affordable Housing Agency may select. Owners of these sixty-nine (69) affordable condominiums may make improvements to these homes, however, these improvements shall not increase the resale price above the limits explained above.

Owners of these sixty-nine (69) affordable condominiums shall have the very same and identical rights, privileges, duties and obligations as all other condominium owners of the Condominium Association. These owners shall be entitled to participate fully in the affairs of the Association, have equal voting privileges and be able to hold offices in the Association as any other condominium owner. These owners shall be required to pay 33 1/3% of the total individual unit assessment which would have been levied upon all condominium units in Vanderhaven Farm, Village I Condominium had such assessment been allocated equally to each and every condominium unit both Market and Affordable. There shall be no restrictions or limitations upon

the ability of the owners of these sixty-nine (69) affordable condominiums to fully participate in the affairs of the Association. The Association shall not have any responsibility for monitoring or enforcing the terms of the Affordable Housing Plan. This responsibility rests entirely with the Agency. The terms, restrictions, provisions and covenants of the Affordable Housing Plan, and the provisions of the Master Deed referring to and incorporating the Affordable Housing Plan, shall automatically expire and terminate with respect to the Affordable Condominiums at the earlier of the following: (1) thirty (30) years from the date the Affordable Housing Plan is recorded; (2) the date upon which a first mortgagee forecloses its first mortgage lien upon the particular Affordable Condominium; or (3) the date upon which the Association shall dissolve or cease to exist for any reason.

Upon termination and expiration of the Affordable Housing Plan, owners of these sixty-nine (69) affordable condominiums shall be forever released from the terms and conditions of the Affordable Housing Plan and shall be able to sell and resell these homes as any other condominium home in the Association.

A copy of the Affordable Housing Plan which affects only the sixty-nine (69) predesignated units is attached on page 97.

All multiple dwellings, even if they are under a condominium or cooperative form of ownership, are subject to the Hotel and Multiple Dwelling Law (N.J.S.A. 55:13A-1 et. seq.). The condominium association or cooperative corporation is considered as the owner for purposes of the Hotel and Multiple Dwelling Law and is held responsible for the abatement of all violations which it has the power to abate and for payment of registration and inspection fees. Unit owners may be required to abate violations within their units.

If a penalty has been assessed against a former owner of a building, it is a personal debt of the former owner and is not chargeable as a lien against the building unless a court judgment on the penalty has been obtained. The Bureau of Housing Inspection, which administers the Hotel and Multiple Dwelling Law, gives every new owner an opportunity to correct existing violations without penalty and only imposes a penalty after the new owner has been notified of the violations, been given a opportunity to abate them, and has failed to do so.

SECTION M. BARGAIN AND SALE DEED WITH COVENANT AGAINST GRANTOR'S ACT

A copy of the Bargain and Sale Deed with Covenants Against Grantor's Acts which will be delivered to the purchasers evidencing their interest in the development is attached on page 143. In addition, a copy of the Bargain and Sale Deed with Covenants Against Grantor's Acts which will be delivered to the purchasers of the sixty-nine (69) affordably priced dwelling units evidencing their interest in the development is attached on page 145.

SECTION N. DOWNPAYMENTS AND DEPOSITS

All monies paid to the Developer prior to closing of Title shall be held by First Fidelity Bank, 765 Broad St., Newark, New Jersey, 01102, Attn: Trust Department as escrow agent for K. Hovnanian at Bridgewater I, Inc. Deposit Escrow Account.

These monies will be held until closing or termination of the contract or until a bond or other guarantee acceptable to the Division of Housing and Development of the New Jersey Department of Community Affairs is provided. In no event shall the escrow be released prior to the expiration of the seven day rescission period referred to in the "Foreword" of this Offering Statement.

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SECTION O. TITLE INSURANCE POLICY

Attached on page 153 is a copy of a sample proposed title insurance policy containing all exceptions. The inclusion of the attached sample proposed title insurance policy is not to be construed as an offer to the public on the part of the Developer for sale of any title insurance for the proposed development. The title insurance is presently issued by General Land Abstract Company, 1011 Route 22, Bridgewater, NJ 08807 (mailing address: P.O. Box 835, Somerville, NJ 08876), as agent for First American Title Insurance Company. This representation is not made in order to induce the purchaser or prospective purchaser of any unit or interest in the development to purchase title insurance from any title insurance agency or company. The cost for title insurance and any accompanying cost for searches or other fees will be paid by the purchasers.

SECTION P. ENCUMBRANCES, EASEMENTS & RESTRICTIONS

The terms and conditions of the Master Deed and By Laws of the Condominium Association are restrictions on the use of each condominium unit.

In addition, sixty-nine (69) of the condominiums are subject to the terms and conditions of the Affordable Housing Plan. This Plan does not affect or restrict any of the other condominiums, nor does it affect or restrict the operation of the condominium association.

Easements have been granted or shall be granted prior to completion of Vanderhaven Farm, Village I Condominium for the following entities servicing the development: New Jersey Bell Telephone Company, Public Service Electric and Gas Company, Elizabethtown Water Company, RCK Systems, Inc. and the Township of Bridgewater. The RCK easement will permit the installation, maintenance and repair of, and access to, receiving antennae and equipment for the receipt, transmission and distribution of satellite television programming throughout the project to unit owners, not through an agreement with the Association. This RCK easement will permit, among other things, the construction of antennae within the project, despite the fact that individual unit owners are prohibited from installing such roof or free-standing antennae. Cross easements will be granted to Vanderhaven Farm, Village II and III Condominium for drainage, sanitary sewer, a nature path linkage, and vehicular traffic.

Existing encumbrances, easements and restrictions include the following: sewer and access easement in favor of the Township of Bridgewater Sewerage Authority; pole and tree maintenance easements to the New York and New Jersey Telephone Company; and rights of others in and to the pond, stream and water courses which traverse the premises.

A construction mortgage may exist on the property which will finance the construction of the entire project. Upon closing of title to each individual condominium unit, the lien of such mortgages will be released and cancelled of record as to the particular unit out of the proceeds of sale. Each purchaser may obtain title insurance protecting his particular fee simple interest in his condominium dwelling unit.

SECTION Q. ADVERSE NATURAL FORCES

Elevated radon levels have recently been discovered in homes and other structures which have been tested in New Jersey, including Somerset County. Radon is a naturally occurring invisible, odorless gas formed underground by decaying radium. The gas, which usually rises to the surface and dissipates harmlessly, can reach elevated levels if trapped in well insulated or poorly ventilated areas such as basements or underground storage areas for example. All homes in this development will be built on concrete slabs, with no basements. At the present time, there is no reliable test to determine radon levels in soil and it is impossible to know whether elevated levels will be found in homes in this development. In any event the Developer will place 4 inches of stone underneath the slab

and place perforated PVC piping in the stone, cover with plastic and then vent the PVC through the roof to the atmosphere. The Developer makes no guarantee or representation that such technique will eliminate or reduce the entry of radon gas, if any, into the homes in this development. The Developer cannot give scientific advice concerning the existence or effects of radon. The Developer has utilized a technique intended to alleviate a problem, if any, and any additional remediation, if necessary, will be the buyer's responsibility.

Other than as set forth above, the Developer is unaware of any natural forces which would adversely effect, on a regular basis, the use and enjoyment of the property.

SECTION R. MAN-MADE FORCES

This development is contiguous to the New Jersey Transit/Raritan Valley Line, a commuter line between High Bridge and Newark. As a part of the local approval process, the developer engaged the services of Frederick M. Kessler, Ph. D. of FMK Technology, Inc. to conduct a noise study. Sound level measurements were taken during the seven train passings (3 eastbound in the morning and 4 westbound in the evening - no weekend service) at a distance of 170 feet from the tracks, representing the location of the closest building wall to the tracks. Mr. Kessler suggested that the bedroom windows located on the wall parallel to the tracks and those bedroom windows in the condominium units closest to the tracks in buildings 7, 8 and 9 be of a grade better than those used in standard design. He deemed an STC rating in the mid-thirties to be appropriate. The developer agreed during the approval process to follow the recommendations set forth in the aforementioned noise study.

Other than as set forth above, the Developer is unaware of any man-made forces which would adversely affect, on a regular basis, the use and enjoyment of the property.

SECTION S. EXISTING & ESTIMATED REAL ESTATES TAXES

Vanderhaven Farm, Village I Condominium contains 52.24 acres of a total of approximately 158 acres included within lots 2 and 3, block 2301 on the tax map of the Township of Bridgewater.

Set forth below is a statement showing the assessed value, tax ratio and tax rate of lot 2, block 2301 for the last five (5) years obtained from the Tax Assessor's office for the Township of Bridgewater. These figures reflect the land being assessed as agricultural farmland pursuant to the Farmland Assessment Act of 1964, in addition to certain improvements on the land.

<u>YEAR</u>	<u>TAX RATE PER \$100 OF ASSESSED VALUATION</u>	<u>TAX RATIO</u>	<u>ASSESSMENT OF LAND</u>	<u>REAL ESTATE TAXES</u>
1982	4.48	54	\$119,974	\$5,374.84
1983	4.84	50	\$119,974	\$5,806.75
1984	5.40	46	\$121,269	\$6,548.53
1985	5.70	43	\$121,269	\$6,912.34
1986	1.87	100	\$413,896	\$7,739.86

Set forth below is a statement showing the assessed value, tax ratio and tax rate of lot 3, block 2301 for the last five (5) years obtained from the assessor's office. These figures reflect the vacant land being assessed pursuant to the Farmland Assessment Act of 1964.

<u>YEAR</u>	<u>TAX RATE PER \$100 OF ASSESSED VALUATION</u>	<u>TAX RATIO</u>	<u>ASSESSMENT OF LAND</u>	<u>REAL ESTATE TAXES</u>
1982	4.48	54	\$9,192	\$411.81
1983	4.84	50	\$9,695	\$469.24
1984	5.40	46	\$9,695	\$523.53
1985	5.70	43	\$9,695	\$552.62
1986	1.87	100	\$9,695	\$181.30

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The Developer will be responsible for any assessments including rollback taxes pursuant to the Farmland Assessment Act of 1964 (N.J.S.A. 54:4-23.1 et. seq.) against the subject property for which payments are due prior to delivery of the units to third parties.

SECTION T. SPECIAL TAXES AND ASSESSMENTS

The Developer is unaware of any projected special taxes or assessments which might affect the Development. In the event that there are such special assessments or taxes levied prior to closing, it will be the responsibility of developer to satisfy them, and if levied subsequent to closing, it will be the responsibility of the unit owner of the unit against which such assessments were levied to satisfy such assessments or taxes.

SECTION U. CLOSING COSTS CHARGED BY THE DEVELOPER AND PAYABLE BY THE PURCHASER

The only closing cost that is charged directly by the Developer to the purchaser is a sum not to exceed \$125.00 for a survey certification, if such survey certification is requested by the purchaser, to be furnished by Adams, Rehmann and Heggan Associates, Inc. which will be billed to the Developer. This cost will be passed on to the purchaser at closing. The purchaser shall also be responsible for various escrow funds; i.e., for taxes, insurance, etc., as well as the appraisal inspection fees as may be required by any lending institution selected by the purchaser. The purchaser shall also be responsible for normal adjustments for real estate taxes and advance payments for services to be supplied by the utility companies. At the closing the Developer will collect on behalf of the Condominium Association a deposit equal to three (3) months of the monthly maintenance fee, which deposit is refundable upon resale of the unit.

SECTION V. WARRANTIES

The Developer will be a member of the Homeowner's Warranty Corporation ("HOW") Warranty Program before any units are sold. HOW provides the purchaser with a written warranty from the Developer, insurance which backs the Developer's warranty and extended insurance coverage on major structural defects. A copy of the form HOW Warranty is attached hereto. Under the program the Developer warrants against defects caused by faulty workmanship or materials due to non-compliance with HOW's approved standards for the first year of the program. The Developer's warranty continues for the second year to protect against defects in wiring, piping and duct work and electrical, plumbing, heating and cooling systems, and against major structural defects. In the event the Developer cannot or will not perform his warranty obligations, the insurance company assumes the responsibility. In addition, a national insurance company insures the purchaser against major structural defects during the ensuing eight (8) years of the ten (10) year warranty program. A copy of the warranty given is located at page 172.

In addition to the above mentioned warranties under the New Home Warranty and Builders Registration Act, with respect to the construction of the individual units, the Developer further warrants the following as required by the Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:148A-21 et seq.: The Developer expressly warrants that the units will substantially conform to the model available for inspection, if any, and used in the inducement to the purchaser to enter into a contract to purchase any of the units. In addition, the Developer expressly warrants that the common facilities will substantially conform to the description contained in the advertising literature with regard to the common facilities, the Developer warrants the construction of the common facilities for a period of two (2) years from the date of completion of each of the common facilities, and also warrants that the common facilities are fit for their intended use. The Developer shall repair or correct any

defect in construction material or workmanship in the common facilities within a reasonable time after notification of the defect if notice of such defect is given to Developer within the two (2) year period. The Developer expressly warrants that the following shall be free from defect due to material and workmanship for a period of one (1) year from date of possession or settlement: outbuilding, driveways, walkways, patios, retaining walls and fences. Developer warrants that all drainage is proper and adequate and that all off site improvements installed by Developer shall be free from defect for a period of one (1) year from the date of construction. Developer further warrants that all lots, parcels, units or interest are fit for their intended use. While the developer maintains control of the executive board, he shall take no action which adversely affects a homeowners 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.

SECTION W. OTHER DEVELOPMENTS

Companies affiliated with K. HOVNANIAN AT BRIDGEWATER I, INC., have developed other projects in New Jersey and in Pennsylvania, Texas, Georgia and Florida. Shadow Lake Village in Middletown Township, Monmouth County, New Jersey contains 952 condominium dwelling units. Fox Hill Estates, located in Lower Makefield Township, Bucks County, Pennsylvania, was developed by Hovnanian Pennsylvania, Inc. Covered Bridge and Covered Bridge II, adult communities in Manalapan, New Jersey, containing 1557 and 274 condominium units respectively were built by Hovnanian Enterprises, Inc.'s subsidiary corporation, Arrow Properties, Inc. Hovnanian at Old Bridge, Inc., constructed a 382 townhouse unit PUD in Old Bridge Township. Hovnanian at North Brunswick, Inc., has constructed a 408 unit condominium complex in North Brunswick, while Hovnanian at Middletown, Inc., constructed a 366 unit adult community in Middletown. Hovnanian at Galloway, Inc. has constructed a 180 unit complex in Galloway, New Jersey. K. Hovnanian at Lawrence Circle, Inc., has constructed a 100 unit condominium project in Lawrence Township, N.J. known as Society Hill at Lawrence Circle, while K. Hovnanian at Lawrenceville, Inc., recently constructed a 440 unit condominium project known as Society Hill at Lawrenceville in Lawrenceville, N.J. K. Hovnanian at East Brunswick, Inc. has constructed a 414 unit condominium complex in East Brunswick. K. Hovnanian at Morris, Inc. has constructed a 344 unit condominium complex in Lincoln Park. K. Hovnanian at East Brunswick II, Inc. has constructed a 340 unit condominium development in East Brunswick, N.J. K. Hovnanian at Somerset, Inc. has constructed a 264 unit condominium complex in Franklin, N.J. K. Hovnanian at Hamilton, Inc. has constructed a 432 unit complex in Hamilton, N.J. K. Hovnanian at East Brunswick III, Inc. is presently constructing a 368 unit complex in East Brunswick, N.J. K. Hovnanian at Piscataway, Inc., is currently constructing a 545 unit project in Piscataway, N.J. K. Hovnanian at Galloway II, Inc. has constructed a 316 unit condominium complex in Galloway, N.J. K. Hovnanian at Morris II, Inc. is currently constructing a 276 unit condominium complex in Lincoln Park, N.J. K. Hovnanian at Somerset II is currently constructing a 346 unit condominium complex in Somerset, N.J. K. Hovnanian at Bernards I, Inc. is currently constructing a 444 unit development known as "Society Hill at Bernards I" in Bernards Township, N.J. K. Hovnanian at Galloway III, Inc. is currently constructing a 388 unit condominium complex ("Club III") in Galloway Township, N.J. K. Hovnanian at Galloway IV, Inc. is currently constructing a 240 unit condominium project ("Mattix Crossing") in Galloway Township, N.J. K. Hovnanian at Bernards II, Inc. is currently constructing the 368 unit "Society Hill at Bernards II" in Bernards Township, N.J. K. Hovnanian at Lawrence Square, Inc. known as "Lawrence Square Village" is currently constructing a 438 unit condominium complex in Lawrence Township, N.J.

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SECTION X. PURCHASERS RIGHT TO CANCEL

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 HOUSING AND DEVELOPMENT HAS NEITHER APPROVED NOR DISAPPROVED THE MERITS OF THIS OFFERING.

YOU HAVE THE RIGHT TO CANCEL ANY CONTRACT OR AGREEMENT FOR THE PURCHASE OF ANY LOT, PARCEL, UNIT OR INTEREST IN THIS DEVELOPMENT, WITHOUT CAUSE, BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER OR HIS AGENT BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE CONTRACT OR AGREEMENT IS EXECUTED, SUCH CANCELLATION IS WITHOUT PENALTY, AND ALL MONIES PAID SHALL BE PROMPTLY REFUNDED.

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

7 SECTION Y. INSURANCE

The Association shall be required to obtain and maintain the following: (1) fire insurance with a broad form fire and extended coverage, vandalism and malicious mischief endorsements, insuring all the buildings containing the units and common elements therein less any deductibles which shall be paid by the Association as a common expense together with all central utility and other service machinery contained therein, and all buildings, fixtures, equipment, and personal property owned by the Association, in the amount determined by the Board to be equal to replacement value. All such policies shall provide that in the event of a loss or damage, the proceeds of said policy or policies shall be payable to the Board of Trustees or to its designee as an insurance trustee on behalf of all of the owners, and mortgagees of units in said buildings. Said insurance trustee shall be obligated to apply said proceeds in conformance with provisions relating to damage to buildings, reconstruction, sale and obsolescence of the Condominium. Each of said policies shall contain a standard mortgagee clause in favor of each mortgagee of a unit and shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its respective interest may appear, subject however, to the right of the Board or its designee as insurance trustee, to receive said proceeds to be applied to repair or reconstruction as provided herein; (2) workmens' compensation; (3) public liability insurance insuring the Association and its members against liability for any negligent act of commission or omission attributable to the Association or any of its members and which occurs on or in any of the common elements of the Condominiums or the community or recreational facilities of the Association; (4) burglary, theft, and such other insurance as will protect the interest of the Association and its employees; and (5) liability insurance indemnifying the Trustees and officers of the Association against the liability of errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000.00 with any deductible amount determined in the sole discretion of the Board of Trustees and in accordance with recommended guidelines promulgated by the Community Association Institute or other similar agency.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by unit owners or of invalidity arising from any acts of the insured or any unit owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of units.

The amount shall be determined by the Board of Trustees sufficient to insure the common elements, personal property owned by the Association, central utility and other service machinery contained in all buildings as well as all buildings, fixtures, and equipment subject, however, after Board determination, to approval of all first mortgagees having mortgage liens upon Condominium units contained in said buildings.

During the building of the Condominium, the Developer will obtain builder's risk insurance which will cover any and all possible risks to the buildings of the Condominium, including, but not limited to, destruction of the premises by any means, vandalism, flood, fire, earthquake as set forth in AIA general conditions. Also, before the Association assumes the responsibility of this section, Developer will carry all other insurance coverage specified in AIA general conditions in the amount necessary to insure the interest of the mortgagee and all interested parties.

Unit owners may obtain insurance for their own account and for their own benefit. No owner shall, however, insure any part of the common elements whereby, in the event of loss thereto, the right of the Association to recover the insurance proceeds for such loss in full shall be diminished in any way.

It is recommended that the unit owner carry the following liability and hazard insurance, and in addition thereto, may obtain any other policies of insurance deemed appropriate by the purchaser:

1. Condominium Owner's Policy;
2. Fire and Theft Policy;
3. Floater Policy to cover jewelry and other personal property and furs; and,
4. Worker's Compensation for any workers.

A letter from an insurance agency regarding the proposed insurance for Vanderhaven Farm, Village I Condominium is attached on page 138.

SECTION 2. OTHER INFORMATION

The model or sample homes constructed on the subject property are built, decorated and displayed in a manner presumed to fit the taste and lifestyle of the average prospective homeowner. Many decorator effects and features including, but not limited to, wall mirrors, mirrored doors, additional and upgraded appliances, furnishings, decorator light fixtures, upgraded floor and wall coverings and special paint, have been added by the Developer to display the variety of possible additional features offered by the Developer or available from some other source and to provide the feeling that the model or sample home is an occupied home.

The actual dwelling units to be sold will be built to the following standards:

1. All floor coverings are included with the home and are:
 - a. Standard carpet on 5/16" polyurethane foam pad (all bedrooms, hall, dressing room, living and dining areas and appropriate closets). All carpeted areas shall be one color. Carpeting is included for enclosed patios. All standard carpet colors and

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standard padding may be viewed along with optional upgrade carpeting and pad in the selection area of the Sales Office. Indoor-outdoor carpet as viewed in and around the models or on patios is not included.

- b. Kitchen, some foyers, powder room, laundry areas and appropriate closets shall be covered in Vinyl Composition Tile as a standard. Optional and upgrade floor coverings may be viewed in the selection area of the Sales Office.
2. Master and main bath floors except laundry areas shall be ceramic tile, except in models 5102 and 5103, which shall be covered with vinyl as standard. Ceramic tile in tub and shower areas is included, installed to a distance above the level of the shower head and below the escutcheon plate, except in models 5102 and 5103, where tub surrounds shall be fiberglass. Shower enclosures are standard for shower stalls. The standard vanity on display in the selection areas is almond. Medicine cabinets or mirroring above the vanity is standard.
3. The standard kitchen cabinet is on display in the Selection Area. Upgrading of kitchen cabinets is available. Kitchen cabinet tops shall be at the selection of the purchaser from those choices offered.
4. Light fixtures included shall be kitchen and dining area fixtures, entrance foyer, hall, bath fixtures, lights at entrance, on covered patio, in most storage areas and in walk-in closets. Decorator fixtures are not included. See all standard fixtures in the decorator selection area of the sales office.
5. Walls shall be painted off-white. Woodwork shall be painted semi-gloss off-white.
6. Exterior treatment shall be brick or vinyl siding, at the option of the Builder. Masonite or vinyl siding may be used at the breezeway and balcony locations of the condominium buildings at the builder's option. Exterior color combinations shall be at the option of Builder. Depending on location within a given building, the floor plan may be delivered as the brochure floor plan is presented or as a reverse configuration. In order to provide variety in aesthetics, the builder reserves the right to change within a building relative elevations, front building line setbacks, roof design, entrance coverings, trim and window styles. The builder will determine the model mix within any given building based on demand, aesthetics and efficiency of construction. The builder will use cost efficient and advanced building techniques, including pre-fab wall panels and pre-fab mechanical systems.
7. Common area landscaping includes seeded, hydro-mulched, or sodded lawns. Each set of buildings is individually designed on an overall basis with trees, foundation plantings and a variety of shrubbery, all of which shall be planted in their appropriate seasons. Landscaping of model building is not typical.
8. Included appliances are: range hood, gas range and trash compactor. All other appliances are options or upgrades. Refrigerators shall be available as an extra and shall be installed as delivered. Central air conditioning, washers and dryers are optional.
9. Homes located on the ends of buildings may have an additional window. Floor plan room dimensions and related representations are approximate and may vary in construction.
10. All storage areas will be delivered with sheet rock unpainted, taped and with one coat of taping compound.
11. Zero clearance fireplaces are available in some townhouse and apartment style units as an option. They include a built-in glass door and screen.

12. Optional and upgrade items offered by the Builder are subject to price increase. The only way to protect the price of such items is to order them and pay the amount due on order. Ordering early helps insure availability and helps in the orderly preparation of your new home. Options and upgrades are offered at the discretion of the Builder. Prices and availability may change without notice. Materials offered as standard, options or upgrades may be changed at the discretion of the Builder based on availability and cost and the Builder may substitute materials so long as the substituted materials are of equal or better quality which determination shall be at the sole discretion of the Builder. Decorator selections must be completed in a timely fashion by the purchaser and within ten (10) days of the Seller's request that they be completed. Seller reserves the right to make the decorator selections if Buyer fails to do so. As mistakes are generated by change orders, changes are not allowed. Seller shall have the right to make substitution of materials, equipment, or make design changes whenever Seller shall find it necessary or expedient in its absolute discretion, provided that such substitution or changes are of equal or better quality. It shall be the obligation of the purchaser to know whether kitchen cabinets, kitchen cabinet top, kitchen floor, carpeting, appliances, fireplace, or air conditioning have been pre-selected due to the construction progress in the building. If upgrades or options have been pre-selected, the purchaser agrees to pay for same.

13. In compliance with Federal Trade Commission Regulations Rule 14 C F R Part 460, the following information concerning insulation in your new home is furnished.

- a. The builder installs fiberglass batt type of insulation which is manufactured to have an R value of R-13 in outside walls and R-30 in ceilings below attic space and R-11 between floors. Insulation is not installed between upper and lower floors of a townhouse model.
- b. The builder installs vertical and horizontal 1" x 2' rigid foam perimeter insulation inside the foundation. The combined R value of outside wall assembly at the insulation cavity is R-14 where applicable. The primary entrance door is an insulated steel sheathed door and is fully weather stripped. Windows and sliding doors are dual glazed thermo break equipped units. Anti air infiltration measures taken include the installation of a sill seal at all slab and exterior wall interfaces.
- c. The manufactured thickness of the above types of insulation is as follows:

R-13 fiberglass batt	3 5/8"
R-11 fiberglass batt	3 1/2"
R-30 fiberglass batt	9"
Rigid foam perimeter foundation insulation	1" or greater

14. Options and upgrades are not available in the 5102 and 5103 units ("Affordable Condominiums").

A copy of the most recent financial statement of the developer is available in the sales office for the public's inspection.

MASTER DEED AND DECLARATION OF
RESTRICTIVE AND PROTECTIVE COVENANTS
OF VANDERHAVEN FARM, VILLAGE I CONDOMINIUM

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This Deed, made this _____ day of _____, 1987 by K. Hovnanian at Bridgewater I, Inc. a corporation of the State of New Jersey, with its principal office at 10 Highway 35, in the Township of Middletown, County of Monmouth, and State of New Jersey, hereinafter referred to as "Sponsor".

Whereas, Sponsor is the owner of the fee simple title to those lands and premises described in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof; and

Whereas, it is the present intention of the Sponsor to construct, in stages, a condominium consisting ultimately of 345 units, pursuant to the provisions of the New Jersey Condominium Act, N.J.S.A. 46:8B-1 et seq. (The Condominium Act) under the name of Vanderhaven Farm, Village I Condominium; and

Whereas, the Sponsor at this time intends to establish the condominium initially as a 20 unit condominium reserving the right, but not the duty, to add or remove additional sections, buildings, and units to the condominium and to those ends to cause this Master Deed to be executed and recorded, together with all necessary exhibits thereto.

THEREFORE, WITNESSETH:

1.00 Establishment of Condominium. Sponsor, does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the lands and premises owned by it in the Township of Bridgewater, County of Somerset and State of New Jersey, being more particularly described, on Exhibit "A" and Exhibit "B" as "Phase 1, Vanderhaven Farm, Village I Condominium" to the form of ownership known and designated as condominium as provided by and in accordance with the New Jersey Condominium Act (N.J.S.A. 46:8B-1 et. seq.) for the specific purpose of creating and establishing Vanderhaven Farm, Village I Condominium (the "Condominium") and for the further purpose of defining the plan of unit ownership and imposing thereon certain restrictive and protective covenants for the benefit of said Condominium, subject to Sponsor's rights to amend as set forth in paragraphs 11 and 13.

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

2.01 "Articles of Incorporation" shall mean the Articles of Incorporation of the Association together with all future amendments or supplements thereto.

2.02 "Association" shall mean the Vanderhaven Farm, Village I 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 to maintain, repair and replace the Common Elements of the Condominium as provided in this Master Deed and the By Laws.

2.03 "Board" shall mean the Board of Trustees of the Association and any reference herein or in the Articles of Incorporation, Bylaws 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.

2.04 "Building" shall mean each of the enclosed structures containing Units.

Prepared by:

EDWARD A. ISRAELOW, ESQ.
Attorney at Law, State of New Jersey

2.05 "Bylaws" shall mean the Bylaws of the Association, a copy of which document is attached hereto and made a part hereof as Exhibit "F", together with all future amendments or supplements thereto

2.06 "Common Elements" shall include both General Common Elements and Limited Common Elements, and shall have the same meaning as "Common Elements" under N.J.S.A. 46:8B-3(d), except as same may be modified by the provisions of Paragraph 5.05 hereof, or the specific definitions set forth herein.

2.07 "Common Expenses" sometimes referred to herein as "Common Charges" shall, subject to the provisions of Paragraph 5 hereof and the specific definitions set forth herein, mean all those expenses anticipated by N.J.S.A. 46:8B-3(e), in addition to all expenses incurred by the Association, or its respective directors, officers, agents or employees, in the lawful performance of their respective duties or powers.

2.08 "Condominium" shall mean (i) all the lands and premises described in Exhibits "A" and "B"; (ii) all improvements now or hereinafter constructed in, upon, over or through such lands and premises, whether or not shown on any Exhibit hereto; and (iii) all rights, roads, waters, privileges and appurtenances thereto belonging or appertaining; and (iv) the entire entity created by the execution and recording of this Master Deed; and (v) any and all lands, premises, roads, interests, improvements, privileges which shall be added to the condominium from or on the premises described in Exhibits "C" and "D".

2.09 "Condominium Act" shall mean the provisions of N.J.S.A. 46:8B-1 et seq., and all applicable amendments and supplements thereto.

2.10 "General Common Elements" shall mean those Common Elements which are shown for the use or benefit of all of the Unit Owners, as more specifically described in Paragraph 3.02 of this Master Deed.

2.11 "Mortgagee" shall mean any bank, mortgage banker, trust company, insurance company, savings and loan association, governmental agency, or other financial institution or pension fund, sponsor or seller, which is the record owner of a first mortgage lien which encumbers any Unit.

2.12 "Lease" shall mean any agreement for the leasing or rental of any Unit of the Condominium, including any sublease.

2.13 "Limited Common Elements" shall have the same meaning as "Limited Common Elements" under N.J.S.A. 46:8B-3(k), except as may be modified by the provisions of Paragraph 5 hereof or by the specific definitions set forth herein.

2.14 "Master Deed" shall mean this instrument together with all future amendments or supplements hereto.

2.15 "Permitted First Mortgage" shall mean and refer to any first mortgage lien encumbering a Unit which is held by a bank, mortgage banker, trust company, insurance company, savings and loan association, pension fund, governmental agency, or other financial institution, or which is a purchase money mortgage held by the Sponsor or by the Seller of a Unit.

2.16 "Property" shall mean the Complex, the land and premises described in Exhibits "A" and "B" and all improvements now or hereafter constructed in, upon, over or through such land and premises and all land or premises described in Exhibits "C" and "D" which may be added to the condominium and property by duly recorded amendments of this Master Deed.

2.17 "Rules and Regulations" shall mean the Rules and Regulations of the Association, together with all future amendments or supplements thereto. The Association shall not be required to record any amendments or supplements of the Rules and Regulations.

2.18 "Sponsor" shall mean and refer to K. Hovnanian at Bridgewater I, Inc., a New Jersey corporation, its successors and assigns, (excluding other Unit Owners). Sponsor shall also mean and include the term "developer".

2.19 "Unit" shall mean a part of the Condominium designated and intended for independent ownership and use, all as more specifically described in Paragraph 3 hereof and as shown on Exhibits "B" and "E" and on the floor plans Exhibits "G-1" through "G-8", respectively attached hereto and made a part hereof. The term shall not be deemed to include any part of the General Common Elements or Limited Common Elements situated within or appurtenant to a Unit.

2.20 "Unit Owner(s)" shall mean those persons or entities in whom record fee simple title to any unit is vested as shown in the records of the Clerk of Somerset County, New Jersey, including the Sponsor unless the context expressly indicates otherwise, but notwithstanding any applicable theory of mortgage, shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title to any such Unit pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure, nor shall the term "Unit Owner" refer to any lessee or tenant of a Unit Owner.

Unless the 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 above shall be used in conjunction therewith.

3.00 General Description of Condominium. The Sponsor will or has under construction on the parcel of land and premises described aforesaid, a project known and designated as the Vanderhaven Farm, Village I Condominium according to the survey of the premises described and the plans attached hereto as Exhibits "B" and "G-1 through G-8" respectively. The said plans contain the dimensions of the several units at floor level, the elevation of all floors and ceilings from United States Coast and Geodetic Survey datum, and the location and dimensions of the perimeter walls of each unit with reference to established geographical points. The said project consists of multifamily dwelling units which will be substantially in accord with the floor plans attached as Exhibits "G-1 through G-8" that such construction may be progressive and that those units which are not completed at the time of the recording of this instrument, shall be deemed in all respects, when completed to be subject to the provisions of this instrument.

The Sponsor, in order to implement the condominium plan of ownership for the above described property, improvements and prospective improvements, covenants and agrees that it hereby subdivides the above described realty and all of the improvements erected and to be erected thereon into the following fee simple estates:

3.01 Description of Units. 1. Twenty (20) separate parcels of real property, being the dwelling units, hereinafter more particularly described and as shown on Exhibits "B" and "G-1 through G-8". Exhibit "G" contains eight (8) pages and describes the room layouts of the several units at floor level.

Each of the said dwelling units consists of (a) the volumes or cubicles of space enclosed by the unfinished inner surfaces of perimeter and interior walls, ceilings and floors therein, including vents, doors, windows and other structural elements that ordinarily are regarded as enclosures of space, and (b) all interior dividing walls and partitions (including the space occupied by such walls or partitions) except load bearing interior walls and partitions and (c) all windows and doors, including the glass contained therein, and (d) the decorated inner surfaces of said perimeter and interior walls (including decorated inner surfaces of all interior load bearing walls), floors and ceilings, consisting of wallpaper, paint, carpeting, tiles and all other finishing materials affixed or installed as a part of the physical structure of the unit and (e) all fixtures, mechanical systems, and equipment installed, and for the sole and exclusive use of the Unit, commencing at the point of disconnection from the structural body of the dwelling building and from the utility lines, pipes and systems serving the dwelling unit. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designed for the service of any particular unit or multi-unit, which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the buildings, shall be deemed to be a part of any dwelling unit. The words "dwelling unit," when

used throughout this instrument, shall be deemed to refer to each of the aforesaid dwelling units as herein described.

3.02 General Common Elements. The remaining portion of the lands and premises hereinabove described with all improvements constructed and to be constructed thereon, including all appurtenances thereto, which said remaining portions shall be hereinafter known and referred to as "Common Elements." More specifically, "General" Common Elements shall include, but not be limited to, the following:

(a) The parcel of land described in Exhibits "A" and "B", including the space actually occupied by the above.

(b) The Buildings described above including the space within each of said Buildings not otherwise herein defined as being the Units, and including the foundations, roofs, floors, ceilings, perimeter walls, load bearing interior walls and partitions, slabs, stairways, passageways, pipes, wires, conduits, air ducts and utility lines, including the space actually occupied by the above.

(c) All of the roads, walkways, paths, trees, shrubs, yards, gardens, etc., located or to be located on the aforesaid parcel of land.

(d) All other elements of the Buildings constructed or to be constructed on the aforesaid parcel of land, rationally of common use or necessary to their existence, upkeep and safety and, in general, all other devices or installations existing for common use.

(e) The general common elements shall not include any of the Units as hereinabove described and as shown on the attached Exhibits "B" and "G-1 through G-8" notwithstanding that the Buildings in which said Units shall be located may not have been constructed at the time of the recording of this instrument, it being the intention of the Sponsor that the interest in the General Common Elements appurtenant to each Unit, as said interest shall be hereinafter defined, shall not include any interest whatsoever in any of the other Units and the space within them, whether or not the Buildings within which said Units are or shall be located, are constructed or yet to be constructed at the time of the recording of this instrument.

3.03 Undivided Interest. For the purposes of this instrument, the ownership of each dwelling unit shall conclusively be deemed to include the respective undivided interest as specified and established hereinafter in the Common Elements as set forth in Exhibit E, and each Unit together with its appurtenant interest in the Common Elements is hereinafter referred to as "Unit" or "Dwelling Unit." It is the intention of the Sponsor hereby to provide that the General Common Elements in the Condominium shall be owned by the owner or owners of each Unit under the condominium form of ownership, the undivided interest of each Unit therein being as set forth hereinafter. For the purpose of further clarifying the stated intent and purpose of the Sponsor, the aforesaid property will be owned under the condominium concept when the title to the aforesaid lands and all of the improvements constructed and to be constructed thereon are held or acquired by two (2) or more persons in any manner whereby each person is vested of (1) the fee simple ownership of one or more of the dwelling units, and (2) an undivided interest in the correlative general common elements, all pursuant to the provisions of this Master Deed, the Condominium Act and the restrictions, covenants, limitations and conditions herein set forth.

3.04 Limited Common Elements. Portions of the Common Elements are hereby set aside and reserved for the restricted use of the respective dwelling units to the exclusion of the other units and such portions shall be known and referred to herein as "Limited Common Elements." The Limited Common Elements restricted to the use of the respective Units are shown graphically in Exhibits "B" and "G-1 through G-8". Each unit owner shall be responsible for maintaining, at their individual cost and expense, all areas designated as Limited Common Elements. However, maintenance of the structural components of all limited common elements shall be the responsibility of the Association. Each unit owner shall be responsible for any improvements or maintenance in and to patios (enclosed and unenclosed), porches or balconies including any glass, glass doors, screens or screen doors, none of which shall be the responsibility for maintenance by the

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Association. All Limited Common Elements, however, shall be in compliance with all governmental rules and regulations, as well as all rules and regulations of the Association as provided herein or as provided in the Bylaws of the Association.

3.05 Percentage of Interest. The individual Units hereby established and which shall be individually conveyed, the building number and unit type and the percentage of interest of each Unit in the General and Limited Common Elements are attached hereto as Exhibit "E".

3.06 No Conveyance of Undivided Interest. The above respective undivided interest in the Common Elements hereby established and to be conveyed with the respective units may be amended by the Sponsor as is set forth in paragraphs 11 and 13. The Sponsor, its successors and assigns and Grantees, covenant and agree that the undivided interest in the Common Elements and the fee simple title to the respective Units conveyed therewith shall not be separately conveyed, transferred, alienated or encumbered, and each of the said undivided interest shall be deemed to be conveyed, transferred, alienated or encumbered with its Unit notwithstanding the description in the instrument of conveyance, transfer, alienation or encumbrances may refer only to the fee simple title to the Unit. The Sponsor, its successors and assigns, and the Grantees, further covenant and agree that any conveyance, transfer or alienation of any unit shall conclusively be deemed to include all of the interest of the owner or owners in the Condominium and any encumbrance upon any Unit also shall be conclusively deemed to attach to all of the interest of the owner or owners of said Unit.

4.00 The Administering Association. The Condominium shall be administered, supervised and managed by Vanderhaven Farm, Village I Condominium Association, Inc. hereinafter called the "Association", a non-profit corporation of the State of New Jersey, presently having its principal office at 10 Highway 35, Red Bank, New Jersey, which shall act by and on behalf of the owners of the units in the Condominium, in accordance with this instrument, the Bylaws of the Association annexed hereto as Exhibit "F" and in accordance with the Condominium Act, its supplements and amendments. The aforesaid Bylaws form an integral part of the plan of ownership herein described and this instrument shall be construed in conjunction with the provisions of said Bylaws. Pursuant to the requirements of the Condominium Act, the aforesaid Association is hereby designated as the form of administration of the Condominium and the said Association is hereby vested with the rights, powers, privileges and duties necessary to and incidental to the proper administration of the Condominium, the same being more particularly set forth in the Bylaws of the Association attached hereto. The said Association shall also be empowered to exercise any of the rights, powers, privileges or duties which may, from time to time, be established by law or which may be delegated the owners or co-owners of units in the Condominium. Nothing contained herein to the contrary, either in this Master Deed or in the Bylaws shall serve to exculpate members of the Board of Trustees of the Association appointed by the Sponsor from their fiduciary responsibility.

Anything to the contrary herein, or in the Bylaws of the Association, the percentage of interest of each Unit appertaining to the Common Expenses, common receipts, common surplus, shall be as set forth in Article 13 of the Bylaws of the Association. The Sponsor reserves the right, for so long as it shall remain the owner of any of the Units, to change the price or value of such units. However, no change in the price or value of any of the aforesaid Units shall change or otherwise affect the percentage of interest of any of the said Units in the General and Limited Common Elements within the Condominium or in the percentage of ownership in the Association as set forth in Article 13 of the Bylaws. Each Unit shall be entitled to one vote.

5.00 Declaration of Restrictive and Protective Covenants and Agreements and Easement Grants. To further implement this plan of ownership, to make feasible the ownership and sale of Units in the Condominium, to preserve the character of the community and to make possible the fulfillment of the purpose of cooperative living intended, the Sponsor, its successors and assigns, by reason of this declaration, and all future owners of units in the Condominium by their acquisition of title thereto, covenant and agree as follows:

5.01 Ownership of Common Elements. That the Common Elements shall be owned in common by all of the Unit Owners and none other. The Common Elements shall remain undivided and no Unit Owner shall bring any action for partition or division of the whole or any part thereof except as otherwise provided by law or in Article 6, Sections 2 or 3 of the Bylaws of the Association.

5.02 Ownership and Conveyance of Condominium Units. That each Unit shall, for all purposes, constitute a separate parcel of real property which may be owned in fee simple and which may be conveyed, devised, inherited, transferred or encumbered along with its allocated percentage in the Common Elements, in the same manner as any other parcel of real property, independently of all other units, subject to the provisions of this instrument, the Bylaws of the Association and the Condominium Act. No part of any unit shall be conveyed, devised, inherited, transferred or encumbered apart from the whole of said Unit and its correlative percentage in the Common Elements. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Units and not to the Condominium as a whole.

5.03 Occupancy of Units. That each unit shall be occupied in accordance with the restrictions and limitations contained in this Master Deed, By-Laws and amendments thereto and shall be used by the respective owners and/or occupants only for private, single family residential living by those persons living together in the unit as a bona-fide single housekeeping unit. There shall be no more than a total of five (5) full-time residents of a two (2) bedroom unit at any given time and no more than six (6) full-time residents of a three (3) bedroom unit at any given time. For purposes of this paragraph, "full-time resident" shall mean and refer to any person (owner, tenant, guest, invitee, licensee, lessee, etc.) who lives, sleeps, eats or uses the unit as his habitat more than using any other habitat for such purposes during any given month.

The purpose of the foregoing is to preserve the stable residential home character; control population density; control parking and traffic volumes and promote health and safety by preventing overcrowding of the Condominium and create a reasonable relationship between the total number of residents, habitable floor area, sleeping, and health facilities. The residents of a unit need not be related by blood, marriage, adoption or otherwise.

5.04 Easements and Encroachments. That in the event that any portion of the Common Elements encroaches upon any Unit, or vice versa, or in the event that any portion of one Unit, encroaches upon another Unit, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall and does exist. In the event that any one or more of the Buildings is partially or totally destroyed and is then rebuilt in substantially the same location, and as a result of such rebuilding any portion of the Common Elements encroaches upon the Units, or vice versa, or any of the Units encroach upon another Unit, a valid easement for such encroachment and for the maintenance thereof, so long as it stands, shall and does exist.

5.05 Location of Condominium Units. That in interpreting any and all provisions of this instrument, the exhibits attached hereto, or subsequent deeds and mortgages to individual Units, the actual location of the Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered notwithstanding any minor deviations, either horizontally or vertically, from the proposed locations as indicated on Exhibits "B" and "D" annexed hereto. To the extent that such minor variations in location do or shall exist, a valid easement therefor and for the maintenance thereof does and shall exist. This covenant is necessary by reason of the fact that the Condominium is to be constructed, and this plan of ownership applicable thereto will be implemented, prior to the completion of construction of some of the buildings as shown on the proposed location maps annexed hereto as Exhibit "B".

5.06 Sponsor's Nonexclusive Easement to Common Elements. That, as to those portions of the General Common Elements of the Condominium that lie within the boundary of the Property as shown on the annexed Exhibits "A" and "B", a valid nonexclusive easement for the benefit of the Sponsor, its

successors and assigns, does and shall continue to exist thereon for the maintenance, operation and renewal thereof and as a means of providing ingress and egress to other portions of the General and Limited Common Elements and of other contiguous lands of the Sponsor, its successors and assigns. For so long as Sponsor has any unsold units in the ordinary course of business in the project, Sponsor shall have the right of ingress and egress and to bring prospective purchasers, lessees, and the like in, to and across the Common Elements. In addition, a valid easement is reserved to the Sponsor to install, maintain and/or convey ownership and responsibility to a municipal utility authority or private utility any utility meters, lines, conduits, pipes and other facilities, necessary for the proper maintenance of the Common Elements within a Unit together with a blanket, perpetual and nonexclusive easement of unobstructed ingress in, upon, over, across and through the Common Elements, to the Township of Bridgewater, the Association, their respective officers, agents and employees and all police, fire and ambulance personnel in the proper performance of their respective duties (including but not limited to emergency or other necessary repairs to a unit which the unit owner has failed to perform), and for repair and maintenance of the Common Elements. This easement and the rights reserved herein may be assigned by the Sponsor without the consent of the Association.

5.07 Utility Easements. That a valid blanket perpetual and nonexclusive easement does and shall continue to exist throughout the Common Elements for the purpose of installation, maintenance, repair and replacement of all sewer, water, power and telephone lines, SMATV lines, facilities and equipment, mains, conduits, wires, poles, transformers, meters and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility system, which easement may be assigned by Sponsor and shall be for the benefit of any governmental agency, utility company or other entity which requires same for the purpose of furnishing one or more of these services. The width of this easement shall be of reasonable size so as not to encroach on Unit Owners' enjoyment of the Common Elements.

5.08 Membership of Unit Owners in Condominium Association. That every Unit Owner or Owners shall automatically, upon becoming the owner of a unit or units in this Condominium, be a member of the Association until such time as his ownership of a Unit herein referred to ceases for any reason, at which time his membership in said Association shall automatically cease. Other than as an incident to a lawful transfer of title to a Unit, membership in the Association shall be nontransferable and any attempted transfer shall be null and void.

5.09 Election of Board of Trustees. The right to elect the Board of Trustees of the Association shall be governed as follows:

(a) Sixty days after conveyance of 25 percent (25%) of the lots, parcels, units or interests ultimately to be constructed, not less than 25 percent (25%) of the members of the Board of Trustees shall be elected by owners;

(b) Sixty days after conveyance of 50 percent (50%) of the lots, parcels, units or interests ultimately to be constructed, not less than 40 percent (40%) of the members of the Board of Trustees shall be elected by the owners;

(c) Sixty days after conveyance of 75 percent (75%) of the lots, parcels, units or interests ultimately to be constructed, the Sponsor's control of the Board of Trustees, shall terminate at which time the owners shall elect the entire Board of Trustees;

(d) The term of Trustees elected pursuant to this paragraph shall terminate on the first annual meeting of the members when all Trustees are Unit Owners;

(e) Notwithstanding a, b, and c above, the Sponsor may retain one member of the Board of Trustees so long as there are any units remaining unsold in the regular course of business;

(f) Sponsor may surrender control of the Board of Trustees of the Association prior to the time as specified provided the unit owners agree by a majority vote to assume control. However, in no event shall the Sponsor retain control of the Board of Trustees later than April 1, 1994;

(g) The Association, when controlled by the Unit Owners, shall not take any action that would be detrimental to the sale or sales of a Unit or Units by the Sponsor and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of control until the last unit is sold.

(h) When a member of the Board of Trustees who has been elected by unit owners other than Sponsor is removed or resigns, that vacancy shall be filled by a unit owner other than Sponsor.

(i) While the Sponsor maintains a majority of representation on the executive board, he shall post a fidelity bond or other guarantee acceptable to the New Jersey Department of Community Affairs, Division of Housing and Development, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

While the Sponsor maintains a majority of the executive board, he 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.

5.10 Administration of the Association. That the administration of the Association shall be in accordance with the provisions of this Instrument, the Bylaws and Rules and Regulations of the Association, as may from time to time be amended or promulgated, and the Condominium Act.

5.11 Penalties. That each owner, tenant and occupant of a Unit shall comply with the provisions of this instrument and the Bylaws and Rules and Regulations of the Association and failure to comply therewith shall be grounds for an action to recover sums due, or damages, or for injunctive relief. The Board shall have the power to implement a system for imposing fines on any Unit Owner who violates the Rules and Regulations of the Association.

5.12 Amendment or Revocation of this Declaration. Except as set forth in paragraphs 11 and 13, until 75 percent (75%) of the total number of units ultimately to be constructed in the condominium have been conveyed to unit owners, this Declaration and any of its provisions, excluding the Bylaws of the Association, shall not be revoked or amended without the acquiescence of all of the Owners and all of the then Owners of all of the mortgages covering the Units. Except as set forth in paragraphs 11 and 13, from the time of conveyance of 75 percent (75%) of the total number of Units ultimately to be constructed forward, this Declaration and any of its provisions, excluding the Bylaws of the Association and further excluding paragraphs 6 and 15 of the within Master Deed, shall not be revoked or amended without the affirmative vote of 67 percent (67%) of the total number of votes that may be cast, plus the written consent of first mortgagees representing at least fifty-one (51%) percent of the votes of units that are subject to mortgages held by Permitted First Mortgagees. More specifically, except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Elements of the Condominium, unless at least sixty-seven (67%) percent of the first mortgagees (based upon one vote for each first mortgage owned), and Unit Owners (other than the Sponsor, developer, or builder) have given their prior written approval, the Unit Owners shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the Condominium;

(b) change the pro rata interest or obligations of any individual Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the Common Elements;

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(c) partition or subdivide any Unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium shall not be deemed a transfer within the meaning of this clause)";

(e) use hazard insurance proceeds for losses to any Condominium property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium property;

(f) charge, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Units, the exterior maintenance of Units, the maintenance of the Common Elements, party walls or common fences and driveways, or the upkeep of the lawns and plantings of the Condominium.

5.13 Contribution of Unit Owners Toward Expenses, Administration, Etc. of Common Elements and the Association. That, subject to the provisions of Paragraph 9 of this instrument each Unit Owner is bound to contribute as set forth in Article 13 of the Bylaws toward the expenses of administration, maintenance, repair and replacement of the said Common Elements, expenses, declared common by this Declaration or the Bylaws and the expenses of administering and maintaining the Association and all of its real and personal property in such amounts as shall from time to time be found by the Association to be necessary, including, but not limited to, expenses for the operation, maintenance, repair or replacement of Association buildings, grounds or facilities, the maintenance, operation, repair or replacement of the recreational facilities; all costs of carrying out the duties and powers of the Association; compensation of Association employees, insurance premiums and expenses relating thereto; taxes which may be assessed against association property and any other expenses of the Association as set forth herein, in the Bylaws or which may be designated by the Board of Trustees as "Common Expenses." No Unit Owner may exempt himself from contributing toward such expenses by waiver of the use of enjoyment of the Common Elements or the community or recreational facilities of the Association or by abandonment of the unit owned by him. However, in accordance with the provisions of Paragraph 9 of this Declaration, prior to January 1, 1988, the Sponsor shall be solely responsible for all the above mentioned costs and expenses in addition to any accrued contributions to Reserves which may be required under Article 13.00 of the Bylaws. The Board of Trustees, whether controlled by the Sponsor or the Unit Owners is prohibited from making or charging any assessment for such Common Expenses prior to January 1, 1988.

In accordance with paragraph 6 herein relating to the sixty-nine (69) Affordable Condominiums, any and all assessments by the Association upon the Affordable Condominiums shall be limited to 33 1/3% of the total individual unit assessment which would have been levied upon all condominium units in Vanderhaven Farm, Village I Condominium had such assessment been allocated equally to each and every condominium unit both market and affordable.

5.14 Lien in Favor of the Association. That all charges and expenses chargeable to any unit shall constitute a lien against said unit in favor of the Association, which lien shall be prior to all other liens except (1) assessments, liens and charges for taxes past due and unpaid on the Unit and (2) payments due under bona fide mortgage instruments, if any, duly recorded. The charges and expenses represented in the annual maintenance assessment shall become effective as a lien against each Unit on the first day of each year. Additional or added assessments, charges and expenses, if any, chargeable to Units and not covered by the usual monthly maintenance charge, shall become effective as a lien against each Unit as of the date when the expense or charge giving rise to such additional or added assessment was incurred by the Association. In the event that the assessment, charge or other expenses giving rise to said lien remains unpaid for more than ten (10) days after the same shall become due and payable the entire amount of the annual assessment and other additional or added assessments, charges and expenses shall immediately become due and payable and the lien may be recorded in accordance with the provisions of

the N.J.S.A. 46:8B-1 and be foreclosed by the Association in the manner provided for the foreclosure and sale of real estate mortgages, and in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action including court costs and reasonable attorney's fees. The right of the Association to foreclose the lien shall be in addition to any other remedy which may be allowable to it at law or equity for the collection of quarterly, additional or added charges and expenses, including the right to proceed personally against any delinquent Unit Owner for the recovery of a personal judgment against him for the amount due, court costs and reasonable attorney's fees. The title acquired by any purchaser following any such foreclosure sale or sheriff's judgment sale shall be subject to all of the provisions of this instrument, the Bylaws and Rules and Regulations of the Association and the Condominium Act and by so acquiring title to the Unit, said purchaser covenants and agrees to abide by and be bound thereby.

5.15 Payment of Expenses Out of Proceeds of Sale. That upon the sale, conveyance or other lawful transfer of title to a Unit, all unpaid assessments, charges and expenses chargeable to the Unit shall first be paid out of the sales price or by the acquirer in preference to any other assessments or charges of whatever nature except (1) assessments, liens and charges for taxes past due and unpaid on the Unit and (2) payments due under bona fide mortgage instruments, if any, duly recorded.

5.16 Liability of Purchaser for Assessments Due Association. That the acquirer of title to a Unit shall be jointly and severally liable with his predecessor in title thereto for the amounts owing by the latter to the Association up to the time of the transfer of title, without prejudice to the acquirer's right to recover from his predecessor in title the amount paid by him as such joint debtor. However, any contract purchaser of a Unit may request in writing from the Association a certificate setting forth the amount of unpaid assessments for such Unit. Such written request shall include the names of all persons who shall reside in the Unit, and the anticipated date of closing title. The Association shall provide such certificate within ten (10) days after the receipt of the request. The purchaser may rely upon such certificate and his liability shall be limited to the amount set forth therein. Liability for the payment of said amounts due to the Association shall not attach to the purchaser of the Unit following a mortgage foreclosure or sheriff's judgment sale of any Unit but the Association shall be entitled to payment thereof out of the proceeds of sale as provided by law. Further, any first mortgagee who obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title of such Unit by the mortgagee. A first mortgagee, upon request, is entitled to (a) written notification from the Association of any default in the performance by its mortgagor of any obligation under the within document which is not cured within sixty (60) days; (b) inspect the books and records of the Association during normal business hours; (c) receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; and (d) written notification of all meetings of the Association and to designate a representative to attend all such meetings.

5.17 Maintenance of Dwelling Units. Each Unit Owner shall promptly furnish, perform and be responsible for, at his own expense, all of the maintenance, repairs and replacements for his own Unit, provided however: (i) such maintenance, repairs and replacements as may be required for the functioning of the common plumbing, mechanical, electrical and water supply systems within the Complex shall be furnished by the Association; and (ii) the Association, its agents and employees may effect emergency or other necessary repairs which the Unit Owner has failed to perform; but any and all expenses incurred pursuant to the foregoing provisions shall be the responsibility of the Unit Owners affected thereby. Except as hereinbefore provided, maintenance, repairs and replacements of the plumbing fixtures and systems, windows, doors, patios (enclosed and unenclosed), balconies, electrical wiring and receptacles, appliances and equipment, and lighting fixtures or part of any Unit which are not Common Elements shall be the Unit Owner's responsibility, at its sole cost and expense, and if any Unit Owner fails to perform such work the Condominium Association may do so on the Unit Owner's behalf and charge the reasonable expenses thereof to the

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Unit Owner. Maintenance, repair, replacement, cleaning and washing of all wallpaper, paint, paneling, floor covering, draperies, and the window shades or curtains within any Unit shall also be the Unit Owner's responsibility, at its sole cost and expense.

5.18 Modification of Dwelling Units. That no Unit Owner shall make any structural modifications or alterations within a Unit without consent of the Association or of its duly authorized representatives and no act shall be done under any circumstances which does or may tend to impair the structural integrity of any of the Buildings or adversely affect any of the Common Elements. No owner shall be permitted to install or have installed any window air conditioner, window fan, heat pump, solar collector or similar cooling, heating and/or ventilating device in any window, door or other exterior opening of a Unit. No owner shall be permitted to erect or have erected any fence, partition, wall, divider or similar structure exterior to their Unit other than any such structure erected by the Sponsor. No owner shall make or cause to be made any alterations to the exterior of his unit or to any general or limited common elements without the prior written approval of the Condominium Association or a committee appointed by it in accordance with its By Laws.

5.19 Use of Common Elements. That each Unit Owner or Co-Owner, tenant or occupant of a Unit may use the Common Elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Unit Owners or Co-Owners, tenants or occupants. Unit Owners shall not cause or permit anything to be hung, displayed or placed on the outside walls, doors or windows of any Building whether or not Common Elements except in accordance with Rules and Regulations of the Board of Trustees of the Association. A Member shall not store anything including but not limited to bicycles, wood, grills or garbage cans on the Limited Common or Common Elements including but not limited to porches, patios and sidewalks except in compliance with Rules and Regulations of the Board of Trustees of the Association. No signs shall be permitted on the exterior or interior of any Unit. Nothing shall be done or kept in any Unit or Common Elements which will increase the rate of insurance of any other Buildings or contents thereof applicable for residential use except in compliance with Rules and Regulations of the Board of Trustees of the Condominium Association. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on any of the Buildings or contents thereof, or which would be in violation of any law. No waste will be committed in any of the Common Elements. No recreational vehicles (campers, house-trailers, motor homes, etc.) or commercial vehicles will be allowed to park overnight without prior written approval by the Board of Trustees, or the designated representative of the Board for this purpose. When such permission is granted, the vehicle must be parked in the predesignated area and cannot be used as living quarters. "Commercial vehicles" shall refer to pick-up trucks, vans, trucks, tractors, trailers, wagons, vans or oversized vehicles having commercial license plates or any vehicles, motorized, non-motorized, used for commercial purposes. The Board of Trustees, pursuant to the By-Laws, shall adopt Rules and Regulations which shall be in addition to and supplement to restrictions on the owner's use of the Common Elements and as long as such Rules and Regulations are consistent with the intent and purposes set forth herein, such Rules and Regulations shall be deemed not to be Amendments.

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

5.21 Access to Units. That the Association shall have the irrevocable right, to be exercised by the Trustees or manager of the Association, to have access to each Unit from time to time during reasonable hours as may

be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom or of making emergency repairs therein necessary to prevent damage to the Common Elements or to another Dwelling Unit or Units. Notice will be given to the Unit Owner occupant except in an emergency situation.

5.22 Rental Restriction of Units. That Units shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period of less than 180 days, or (b) rental if the occupants of the Unit are provided customary hotel services, such as room services for food and beverages, maid service, furnishing laundry and linen, bell boy service, etc. Other than the foregoing restriction, except for the provisions applicable to the affordable condominiums and the requirement that not less than the entire unit may be leased, the Unit Owners shall have the absolute right to lease the same, provided that the lease is in writing and the terms of the lease are subject to the covenants, conditions and restrictions contained in this instrument, the By-Laws and Rules and Regulations of the Association and the Condominium Act, and that failure by the lessee to comply with the terms of such documents shall be a default under the lease. In the event a tenant of a Unit fails to comply with the provisions of this Master Deed, the Bylaws or Rules and Regulations, then, in addition to all other remedies which it may have, the Association shall notify the Unit Owner of such violation(s) and demand that the same be remedied through the Unit Owner's efforts within thirty (30) days after such notice. If such violation(s) is not remedied within said thirty (30) day period, then the Unit Owner shall immediately thereafter, at his own cost and expense, institute and diligently prosecute an eviction action against his tenant on account of such violation(s). Such action shall not be compromised or settled without the prior written consent of the Board. In the event the Unit Owner fails to fulfill the foregoing obligation, then the Board shall have the right, but not the duty, to institute and prosecute such action as attorney-in-fact for the Unit Owner and at the Unit Owner's sole cost and expense, including all legal fees incurred. Said costs and expenses shall be deemed to constitute a lien on the particular Unit involved, and collection thereof may be enforced by the Board in the same manner as the Board is entitled to enforce collection of Common Expenses. By acceptance of a deed to any Unit, each and every Unit Owner does thereby automatically and irrevocably name, constitute, appoint and confirm the Board as his attorney-in-fact for the purposes described this subparagraph.

5.23 Restoration and Replacement of Condominium in Event of Fire, Casualty or Obsolescence. That in the event of fire or other casualty or disaster resulting in damage to a Building or Buildings and Common Elements of the Condominium the provisions of Sections 6.01 and 6.02 of Article 6 of the By-Laws shall govern the decision as to restoration, replacement or election not to reconstruct or replace.

All decisions concerning the obsolescence of existing buildings in the Condominium or any of the Common elements, the sale of Condominium property and the demolition and/or replacement of same shall be determined in accordance with Section 6.03 of Article 6 of the By-Laws of the Association.

That the Association acting by and on behalf of the Unit Owners of the condominium shall insure the Buildings against risk of loss by fire and other casualties covered by a broad form fire and extended coverage policy, including vandalism and malicious mischief and such other risks as the Board of Trustees of the Association shall from time to time require, all in accordance with the provisions of the By-Laws of the Association. Nothing contained in this covenant and no provisions of the By-Laws shall be deemed to prohibit any Unit Owner from obtaining insurance for his own benefit. No Unit Owner shall, however, insure any part of the Common Elements whereby, in the event of loss thereto, the right of the Association to recover the insurance proceeds for such loss in full, shall be diminished or impaired in any way.

5.24 Sponsor's Easements. Sponsor, its successors and assigns, shall have the following easements with respect to the Property:

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(a) A blanket and nonexclusive easement in, upon, through; under and across the Common Elements for the purpose of construction, installation, maintenance and repair of any improvements to the Units, utility systems or the Common Elements, for ingress and egress for the use of all driveways, parking areas, and for the utilization of existing and future model Units for rental and sales promotion and exhibition, until the expiration of one (1) year from the date the last Unit is sold and conveyed in the normal course of business, but in no event more than 10 years from the date of recording of this Master Deed. In addition, Sponsor hereby reserves the irrevocable right to enter into, upon, over or under any Unit for such purposes as may be reasonably necessary for the Sponsor or its agents to service such Unit or any part of the Building provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of any emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not; and

(b) A perpetual, blanket and nonexclusive 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. No individual Unit Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems with the Condominium.

(c) A perpetual, blanket and nonexclusive easement in, upon, through, under and across the Common Elements for the purposes of construction, installation, maintenance and repair of lines, conduits, meters, utilities and other facilities necessary for the operation of a private cable or satellite master antenna system. The location of the receiving equipment shall be shown on the plans, specifically in Phase 17 if such Phase is included within the Condominium. This easement may be assigned and no individual Unit Owner shall directly or indirectly interfere with or alter the use of this easement. Neither the Association nor any individual Unit Owner shall be obligated by this Master Deed or the reservation of this easement to use any system installed in accordance with this easement.

6.00 Provisions Applicable to the 69 Affordable Condominiums. Vanderhaven Farm, Village I, ultimately to be comprised of a total of 345 residential dwellings, includes 69 residential dwellings known as Affordable Condominiums which are subject to an Affordable Housing Plan which is recorded as a separate Instrument. The Affordable Housing Plan was a condition of approval imposed upon K. Hovnanian at Bridgewater I, Inc. by the Planning Board of the Township of Bridgewater in connection with the application for development of Vanderhaven Farm, Village I. The Township of Bridgewater imposed this requirement upon K. Hovnanian at Bridgewater I, Inc. in an effort to satisfy a portion of the Township's constitutional obligation to make affordable housing available within the Township. Purchasers of Affordable Condominiums may not sell their Units on resale for a purchase price greater than the original purchase price increased by the percentage increase of the Metropolitan New York Regional Consumer Price Index for Housing of the Department of Labor ("CPI") or other equivalent index established by the Township of Bridgewater. Purchasers of Affordable Condominiums also may not sell or rent their Units on resale to a person other than one qualifying as a family of low or moderate income as the applicable case may be and in compliance with all rules, regulations and requirements duly promulgated by the Township of Bridgewater. It is the intent and purpose that these Affordable Condominiums be and remain Affordable Condominiums which are affordable to Lower Income Families in accordance with the provisions of the Affordable Housing Plan.

In addition to the foregoing restrictions, the resale of Affordable Condominiums shall be subject to the rules and regulations of the Bridgewater Township Housing Advisory Board and the Director of Human Resources of the Department of Planning ("Agency") which has been established by the Township of Bridgewater. This Agency shall monitor and approve resales and rentals of Affordable Condominiums to assure that purchasers or tenants of same shall be Lower Income Purchasers as defined by the Agency's income criteria in effect at the time of the proposed resale. The Agency, however, shall approve any resale of an Affordable Condominium so long as the purchase price as required in the contract of

sale and the Deed conveying Title to the new Buyer is not greater than the original purchase price increased by the percentage increase of the CPI as defined above, provided, however that the resale price may exceed the foregoing if a greater sum is required to pay off and discharge the existing first purchase money mortgage.

Every purchaser or tenant of an Affordable Condominium shall use it for their own primary residence and shall certify on a form prescribed by the Agency that he is acquiring or leasing the unit as his or her family's primary place of residence. Purchasers or tenants may lease or sublet such units only to persons eligible therefor and at rent levels not exceeding those established by the Director and only with the prior written approval of the Director.

Owners of Affordable Condominiums may add amenities or improvements to such units, however, the effect of these improvements may not increase the resale price of the Unit beyond amounts which are considered by the Agency to be affordable to Lower Income Purchasers. In the event that such amenities or improvements are installed, however, the resale price of Affordable Condominiums shall nevertheless be restricted by the Agency in accordance with the foregoing standards.

The Agency may grant exceptions to the sales and rent ceilings established herein when extraordinary circumstances associated with lower income units make such ceiling impracticable or otherwise inappropriate.

Owners of Affordable Condominiums shall maintain them in accordance with the standards of the Market Condominiums within the development. Failure to do so shall permit Vanderhaven Farm, Village I Condominium Association to do so at the cost and expense of the Owner of the Affordable Condominium, and the Association shall have a lien on the Unit for the recovery of all sums expended for such purpose as provided for in the Declaration of Covenants and Restrictions for Vanderhaven Farm, Village I. Other than the sums described in the immediately preceding sentence, any and all assessments by the Association shall be limited to 33 1/3% of the total individual assessment which would have been levied upon all Condominium Units in Vanderhaven Farm, Village I had such assessment been allocated equally to each and every Condominium Unit both Market and Affordable. Commencing upon the date upon which the provisions of this Plan expire or terminate as to a particular Affordable Condominium, that Affordable Condominium shall be assessed and shall pay assessments in the same manner as a Market Unit. At no time shall the Association levy an Assessment upon an Affordable Condominium for an Association expense for which Market Condominiums are not also being assessed, except as may be provided in the Affordable Housing Plan.

Owners of Affordable Condominiums shall not convey title to or by lease or otherwise, deliver possession of the Affordable Condominiums other than in accordance with the Affordable Housing Plan and Agency regulations. The Association shall have no responsibility whatsoever for implementing, monitoring, enforcing or supervising the Affordable Housing Plan.

The fair market value of the Affordable Condominiums in the event that the Association elects not to rebuild, with respect to Paragraph 5.23 of the Master Deed entitled "Restoration and Replacement of Condominium in Event of Fire, Casualty or Obsolescence", and the provisions of Paragraph 6.00 of the By-Laws, shall be determined in accordance with the provisions of this Plan and shall be limited to the purchase price paid for the Affordable Condominium by the Owner increased by a percentage increase based upon the CPI increase as defined above. The Association shall carry insurance coverage upon the Affordable Condominiums equal to the replacement cost of such unit in the event of total destruction and such units shall be rebuilt and replaced and subject to the provisions of this Plan in the event the Association elects to rebuild. If the Association elects not to rebuild and dissolve as provided in the Master Deed, then the sixty-nine (69) Affordable Condominiums shall be forever released from the restrictions and requirements of the Affordable Housing Plan.

The terms, restrictions, provisions and covenants of the Affordable Housing Plan, and the provisions of the Master Deed referring to and incorporating the Affordable Housing Plan, shall automatically expire and

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terminate at the earliest of the following: (1) thirty (30) years from the date the Affordable Housing Plan is recorded; (2) the date upon which the right of redemption expires with respect to the foreclosure of the first purchase money mortgage lien upon an Affordable Condominium by the first mortgagee of the Affordable Condominium as the Plan applies to the specific unit which is subjected to a foreclosure pursuant to this provision; or (3) the date upon which the Vanderhaven Farm, Village I Condominium Association, Inc. is dissolved or ceases to exist for any reason.

Neither the Developer, the Owner, the Association nor the Agency shall amend or alter the provisions of this paragraph or the provisions of the Affordable Housing Plan, without first obtaining the approval of both the Agency and the Township of Bridgewater. Any such approved amendments or modifications of this plan shall be in writing and shall contain proof of Township approval and shall not be effective unless and until recorded with the Somerset County Clerk.

7.00 Provisions of this Instrument and Exhibits Thereto to be a Covenant Running with the Land. The present title to the Property herein described and the title to each Unit which shall be hereafter conveyed or subject to the terms and provisions of this instrument and the acquisition of title by any person to a Unit shall be conclusively deemed to mean that the acquirer appropriately adopts and ratifies the provisions of this instrument, the By-Laws and Rules and Regulations of the Association and will comply therewith. The covenants, agreements and restrictions set forth herein shall run with the land and shall be binding upon the Sponsor, its successors and assigns and by all persons claiming by, through or under their heirs, executors, administrators and assigns.

8.00 Easement to Association. The Association shall have a perpetual and exclusive easement for the maintenance of any Common Elements, which may presently or hereafter encroach upon a Unit; and the Association, through the Board or any manager, or managing agent, or their respective agents or employees shall have the perpetual and nonexclusive right of access to each Unit (i) to inspect the same (ii) to remedy any violations set forth in this Master Deed, the Bylaws or in any Rules or Regulations of the Master Deed, the Bylaws or in any Rules or Regulations of the Association, and (iii) to perform any operations required in connection with the maintenance, repairs or replacements of or to the Common Elements, or any equipment, facilities or fixtures affecting or serving other Unit(s) or the Common Elements; provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

9.00 Ownership of Unsold Units. From and after the conveyance of title to the first Unit in any Building which has been made a part of the Condominium, and in the event there are unsold Units in such Building, the Sponsor shall be deemed to be the Owner of said unsold Units under the same terms and conditions as all other Unit Owners of said Condominium. For purposes of this paragraph, the term "unsold unit" shall mean and refer to any unit, title to which has not been transferred by the Sponsor. The obligation of Sponsor to pay Association assessments, including the replacement Reserve funds for a particular Unit in a Building, shall commence on the date that the Unit is issued a Certificate of Occupancy by the governing municipality. Sponsor shall not, however, be obligated to pay any maintenance fees or assessments for Common Expenses other than replacement Reserve funds for so long as Sponsor is providing any subsidy or guarantee to Unit Owners of maintenance fees or assessments for common expenses.

Sponsor shall be responsible for performing all duties and tasks necessary for the operation, maintenance, renewal, replacement, care and upkeep of the Common Elements and services and the community and recreational facilities and all other property, real or personal of the Association, prior to January 1, 1988. The intent of this provision is that the Sponsor shall bear all costs and expenses in administering and maintaining the Common Elements such that there will be no assessment of any kind to any Unit Owner prior to January 1, 1988. In the event at any time prior to January 1, 1988, the Sponsor shall no longer be in control of the Board of Trustees of the Association, the Sponsor shall continue to

bear all costs and expenses in administering and maintaining the Common Elements except that the Association shall be prohibited from making any capital expenditures or increasing the reserves without the prior written consent of the Sponsor.

10.00 Provisions for Benefit of Mortgagees. The following provisions are hereby established for the benefit of holders of first mortgages on Units.

10.01 Foreclosures. Any Unit which is acquired by any first mortgagee by Deed in lieu of foreclosure, or by any purchaser at a mortgage foreclosure sale (except the mortgagor) shall be free of any lien for unpaid assessments and charges to the extent that said assessments arose prior to the time the holder of the first mortgage came into possession of the Unit (or prior to the foreclosure sale, whichever occurs first), except for claims for a pro rata share of such assessments or charges to all Units including the mortgaged Unit.

Any lien which the Association may have on any Unit for the payment of Common Expense assessments attributable to such Unit will be subordinate to the lien of any first mortgage on the Unit recorded prior to the date of any such Common Expense.

10.02 Notice. The Association shall provide any First Notice Mortgagee with prompt notice of any default in any Unit Owner's obligations under the Condominium documents if said default is not cured within thirty (30) days of the date of the default. Notwithstanding the absence of any express provision to such effect in the mortgage instrument, in the event that there is any default in the payment of any installment of a Common Expense assessment with respect to any Unit, either regular or special, any Lender holding a mortgage which encumbers such Unit shall be entitled to declare such mortgage in default in the same manner that is permitted by such mortgage with respect to any default in the payment of real estate taxes.

10.03 Right of Inspection. Any First Notice Mortgagee shall, upon request, be entitled to: (a) inspect the books and records of the Association during normal working hours; and (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; and (c) written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

10.04 Condemnation. In the event any Unit or any portion thereof or any part of the Common Elements become the subject matter of any condemnation or any eminent domain, or become substantially damaged by fire or other casualty, the institutional holder of any first mortgage on any unit so affected shall receive timely written notice thereof. No owner of any unit or any other party shall have any priority over such institutional holder with respect to the distribution to such Unit of the proceeds of any claim, award, settlement or judgment.

10.05 Easement of Encroachment. In the event any portion of the Common Elements encroaches on any unit or any unit encroaches on any Common Element, as a result of any construction, reconstruction, repair, shifting, settlement or movement of any portion of the Condominium, every owner and every institutional mortgagee as well as the Association, shall have permanent easements to the extent required to continue the encroachment and to maintain the encroaching structure or improvement for so long as the encroachment exists.

10.06 Membership. Any mortgagee or any other person acquiring title at any mortgage foreclosure sale shall, upon the recording of the Sheriff's deed, become a member of the Association and shall have all of the rights and benefits of an owner, including voting rights, and shall have all of the duties of a member of the Association, subject to the provisions of N.J.S.A. 46:8B-14.

10.07 Fidelity Bond. To the extent reasonably available, a fidelity bond shall be required of any person or entity handling funds of the Association, with premiums for such bonds except for outside management, being Common Expenses.

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10.08 Mortgagee's Approval. The Association Board of Trustees shall not accomplish, or cause to be accomplished, any of the following, unless at least sixty-seven (67%) percent of the First Notice Mortgagees (based upon one vote for each first mortgage owned) of the individual Units have given their prior written approval:

- (a) By act or omission, seek to abandon or terminate the condominium.
- (b) Change the pro rata interest or obligations of any individual condominium unit for the purpose of:
 - (i) Levying assessment or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or
 - (ii) Determining the pro-rata share of ownership of each condominium unit in the common elements.
- (c) Partition or subdivide any Unit.
- (d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.)
- (e) Use hazard insurance proceeds for losses to any Condominium property (whether to units or to Common Elements) for other than the repair, replacement or reconstruction of such condominium property, except as provided by statute in case of substantial loss to the units and/or Common Elements.

10.09 Insurance Proceeds. No Unit Owner or other party shall have any priority over any rights of the first mortgagee of any Unit in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards, the losses to or taking of Units and/or Common Elements. The Association and Board of Trustees shall utilize those portions of any award relating to the Common Elements to restore the Common Elements.

10.10 No Right of First Refusal. At no time shall the Association or the Board of Trustees impose any right of first refusal or similar restriction on any Units. Any such imposition shall be void and of no effect.

10.11 Definition. As used throughout this Section, the term "notice mortgagee" shall refer to any institutional first mortgagee which shall, at the time of the making of the mortgage loan, advise the Association's Secretary, in writing, by certified mail, return receipt requested, that it wishes to be accorded the rights of the "notice mortgagee" under the Master Deed, Paragraph 10.

11.00 Amendments to this Master Deed. Sponsor hereby reserves for itself, its successors and assigns for a period of five (5) years from the date the first unit is conveyed to an individual purchaser, or within seven (7) years from the date of recording of this Master Deed, or until the closing of title of not less than 345 condominium units within the property depicted in Exhibits "C" and "D" attached hereto, whichever event occurs last, the right to execute on behalf of all contract purchasers, unit owners, mortgagees, eligible mortgage holders, eligible insurers or guarantors, other lien holders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to the above described documents which may be required to effectuate the changes enumerated below; provided, however, that no such agreement, document, amendment or supplement shall effect a material physical modification of a Unit, without the prior written consent of the Unit Owner and his mortgagee or adversely affect the priority or validity of a purchase money lien on a Unit sold hereunder, without the prior written consent of the mortgagee or any institutional holder of a first mortgage.

As a requirement to being the transferee or recipient of any interest in the Condominium or any Unit, each and every transferee shall execute the deed by which title or interest is being conveyed to such transferee and such deed shall provide that the transferee does irrevocably name, constitute, appoint and confirm Sponsor, its successors and assigns, as attorney-in-fact for such transferee for the purposes set forth in Paragraphs 11 and 13 and their sub-paragraphs of the Master Deed. Furthermore, by acceptance of a deed to any unit or by the acceptance of any other legal or equitable interest in the Condominium, each and every contract purchaser, unit owner or occupant, holder of any mortgage or other liens, does automatically and irrevocably name, constitute, appoint and confirm (i) Sponsor, its successors and assigns, as attorney-in-fact for the purpose of executing such amended Master Deed(s) and other instrument(s) necessary to effect the foregoing (provided that such power of attorney may not be used to adversely affect the priority or validity of any lien on or the value of any unit) and (ii) the Association, as attorney-in-fact to acquire title to or lease any unit whose owner desires to surrender, sell or lease the same, in the name of the Association or its designees, corporate or otherwise, on behalf of all unit owners and to convey, sell, lease, mortgage (but not to vote the votes appurtenant thereto) or otherwise, dispose of any such units so acquired or to sublease any units so leased by the Association.

The powers of attorney aforesaid are expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the 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 foregoing parties. Further, said powers of attorney shall not be affected by the death or disability of any principal and is intended to deliver all rights, title and interest of the principal in and to said powers.

Sponsor may use the right granted in this paragraph to effectuate the following changes, enumerated by way of description and not limitation:

11.01 Decreases. Decreasing the number of Units to be included within the Condominium, increasing the proportionate share of common elements and the percentage share of costs and increasing voting rights proportionately, and decreasing the area of the lands to be dedicated to the Condominium accordingly. However, the Sponsor shall not have the power to reduce the Condominium to less than 20 units unless such amendment is accomplished prior to the conveyance of the first unit in Phase I, and said amendment is recorded for the purpose of terminating the Condominium. While the sponsor maintains a majority of the Board of Directors, it shall make no additions, alterations, improvements or purchases not contemplated in this Offering which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

11.02 Increases. Adding units and lands to the area included within the Condominium and adjusting the proportionate share of common elements, share of costs and voting rights proportionately. However, the voting right and proportionate share of common elements of the owners of the unit shall always equal a fraction which is equal to one divided by the total number of units contained within the Condominium, as is set forth in the Master Deed or its amendments thereto. The share of costs of the owners of a unit shall be equal to the same fraction as the voting rights aforesaid except as set forth in paragraph 6 herein and the terms of the Affordable Housing Plan. Prior to the closing of title of any unit within any building affected, the Sponsor may amend the Master Deed to alter and/or fix the location, configuration, shape and size of any building or buildings, and to alter and/or fix the size, shape, number and configuration of any units within any building.

11.03 Easements. Adding to or altering the location, size and/or purpose of easements and lands for utilities, roads, access, egress, drainage and/or financing purposes; or convey or assign such easements to the appropriate governmental authority or utility agency or company.

11.04 Use of Easements. To permit the users or occupants of lands owned by or controlled by the Sponsor to utilize easements, roads, drainage facilities, utility lines, and the like, within or servicing the Condominium.

11.05 Surrender of Sponsor's Rights. To surrender or modify rights to the Sponsor in favor of the Unit Owners and/or the Association, and/or their respective mortgagees.

11.06 Technical Changes. Correcting, supplementing and providing technical changes to the Master Deed and any of its amendments.

11.07 Recordation. With respect to subparagraphs 11.03 and 11.04 above, and paragraph 13 and its subparagraphs, further, with respect to all easements, rights and encumbrances encompassed by Paragraphs 5.04, 5.06, 5.07, 5.14 and 8.00 (and excluding those which arise out of statutory provisions or common law), all such easements, rights and encumbrances will be reduced to writing and recorded.

11.08 Changes Prohibited. The Sponsor shall not be permitted to cast any votes held by him for unsold lots, parcels, units (finished and unfinished) or interests for the purpose of amending the Master Deed, By Laws or any other document for the purpose of changing the permitted use of a lot, parcel, unit or interest, or for the purpose of reducing the common elements or facilities. However, Sponsor shall be permitted to cast such votes on all other matters.

11.09 Effective Date of Amendment. Any amendment to the Master Deed will become effective upon the recording of an amendment to the Master Deed in the Office of the Clerk of Somerset County. The Sponsor will, thereafter, provide copies of said amendment to each owner and mortgagee affected.

11.10 Mortgagee's Consent. During the period mentioned in this Article 11, during which the Sponsor may amend the Master Deed, and following the expiration of the Sponsor's right to amend the Master Deed, neither the Board of Trustees, nor the Sponsor may amend Paragraphs 5.20, 5.23, 8.00 10.00 and 14.00 of this Master Deed without the written consent of at least sixty-seven (67%) percent of the first notice mortgagees of condominium units within the Condominium. Following the expiration of the Sponsor's right to amend the Master Deed, and except as is set forth herein, the Board of Trustees may otherwise amend the Master Deed by a vote of at least sixty-seven (67%) percent of the total membership of the Board. However, the Board of Trustees may not, at any time, amend the Master Deed so as to adversely affect any rights or easements reserved to the Sponsor, its successors or assigns.

12.00 Severability of Provisions Hereof. It is the intention of the Sponsor that the provisions of this instrument are severable so that if any provisions, conditions, covenants or restrictions thereof shall be invalid or void under any applicable federal, state or local law, the remainder shall be unaffected thereby. In the event that any provisions, condition, covenant or restriction thereof, is at the time of recording of this instrument, void, voidable or unenforceable as being contrary to any applicable federal, state or local law, the Sponsor, its successors and assigns, and all persons claiming by, through or under the Association covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability or unenforceability, shall be deemed to apply retrospectively to this instrument thereby operating to validate the provisions of this instrument which otherwise might be invalid and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the effect herein described as fully as if they had been in effect at the time of the execution of this instrument.

13.00 Reservation of Amendment Rights. Regardless of any other provision of the Declaration, the Sponsor specifically reserves all the right and Owners specifically grant and convey, at any time as long as the Sponsor retains title to any property thereunder, to amend the within Master Deed and Declaration of Restrictive and Protective Covenants, and any amendments thereto, for the express purpose of qualifying the property

hereunder for Federal National Mortgage Association and/or Federal Home Loan Mortgage Corporation mortgage financing programs, or any other similar secondary mortgage lender or purchaser of mortgage loans in the secondary mortgage market so long as such amendment is not in conflict with the New Jersey Condominium Act (N.J.S.A. 46:8B-11 et. seq.) or other applicable laws, regulations and statutes. Such amendment shall not require the approval of any of the unit owners. All costs associated with such amendment shall be the sole obligation of the Sponsor.

The Sponsor hereby reserves the right to execute on behalf of all contract purchasers, unit owners, mortgagees, eligible mortgage holders, eligible insurers or guarantors, other lien holders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to the above described documents which may be so required to effectuate and implement any of the amendments described in this section and paragraph.

As a requirement to being the transferee or recipient of any interest in the Condominium or any Unit, each and every transferee shall execute the deed by which title or interest is being conveyed to such transferee and such deed shall provide and confirm that the transferee does irrevocably name, constitute, appoint and confirm Sponsor, its successors and assigns, as attorney-in-fact for such transferee for the purposes set forth in Paragraphs 11 and 13 and their sub-paragraphs of the Master Deed. Furthermore, by acceptance of a deed to any unit or by the acceptance of any other legal or equitable interest in the Condominium, each and every contract purchaser, unit owner or occupant, holder of any mortgage or other liens, does automatically and irrevocably name, constitute, appoint and confirm (i) Sponsor, its successors and assigns, as attorney-in-fact for the purpose of executing such amended Master Deed(s) and other instrument(s) necessary to effect the foregoing (provided that such power of attorney may not be used to adversely affect the priority or validity of any lien on or the value of any unit).

The powers of attorney aforesaid are expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all units and be binding upon the heirs, personal representative, successors and assigns of any of the foregoing parties. Further, said powers of attorney shall not be affected by the death or disability of any principal and is intended to deliver all rights, title and interest of the principal in and to said powers.

14.00 Municipal Maintenance. In the event that the Association shall at any time after establishment of the development fail to maintain the common open space and undedicated streets in reasonable order and condition in accordance with the plans approved by the Township of Bridgewater Planning Board, the governing body of the Township of Bridgewater may serve written notice upon the Association or upon the residents and owners of the development, setting forth the manner in which the Association has failed to maintain the common open space in reasonable condition, and the notice shall include a demand that the deficiencies of maintenance be cured within 35 days thereof, and shall state the date and place of the hearing thereon which shall be held 15 days from the date of the notice. At that hearing, the governing body of the Township of Bridgewater may modify the terms of the original notice as to the deficiencies and may give an extension of time not to exceed 65 days within which such deficiencies shall be cured. If the deficiencies set forth in the original notice or in the modifications thereof shall not be cured within 35 days of any extension thereof, the governing body of the Township of Bridgewater in order to prevent the common open space from becoming a public nuisance, may enter upon the common open space and maintain it for a period of one (1) year. Entry and maintenance by the Township of Bridgewater shall not vest in the public any rights to use any open space except when it is voluntarily dedicated to the public by the residents and owners of the development. Before the expiration of the one (1) year period, the governing body of the Township of Bridgewater shall, upon its initiative or upon the request of the Association, or the residents and owners of the development, order a public hearing within 15 days notice by the Planning Board of the Township of Bridgewater. At that hearing, the Association or the residents and

owners of the development shall show cause why maintenance by the Township of Bridgewater shall not, at the election of the Township, continue for the succeeding year. If the Planning Board shall determine that the Association is not ready and able to maintain the common open space in a reasonable condition, the Township of Bridgewater may, in its discretion, continue to maintain the common open space during the next succeeding year and, subject to a similar hearing and determination, each year thereafter. The decision of the Planning Board in such case shall constitute a final administrative decision subject to judicial review. The cost of maintenance by the Township of Bridgewater shall be assessed ratably against the properties within the development having the right of enjoyment of the common open space, and shall become a tax lien on those properties and be added to and be a part of the taxes to be levied and assessed thereon, and enforced and collected with interest by the same officers and in the same manner as other taxes. The Township of Bridgewater at the time of entering upon the common open space for the purpose of maintenance, shall file a notice of the tax lien in the office of the Somerset County Clerk upon the properties affected by the tax lien within the development.

The Township shall have no obligation to proceed as set forth herein and the Association shall hold the Township harmless for any failure to act with respect to maintenance of the common areas and common easements.

15.00 Reciprocal Easements and Provisions for Interrelationship With Block 2301.02 (Vanderhaven Farm, Village II Condominium) and Block 2301.03 (Vanderhaven Farm, Village III Condominium). Vanderhaven Farm, Village I Condominium is located on a portion of the premises originally referred to as Block 2301, Lots 2 and 3. It is now known as Block 2301.01. Vanderhaven Farm, Village I was designed, developed and established in tandem and coordination with the development to be erected on the premises known as Block 2301.02 (Vanderhaven Farm, Village II) and Block 2301.03 (Vanderhaven Farm, Village III). More particularly, the road and pedestrian circulation pattern, storm water (both surface and pipe), drainage, sanitary sewer and potable water supply systems are interconnected between these three (3) villages so that these systems function as one, integrated and interdependent system.

By this Master Deed, there are established perpetual, non-exclusive, free, uninterrupted and unobstructed easements and rights-of-way in, across, over and through the Common Elements of Vanderhaven Farm, Village I Condominium in favor of, and to be used in conjunction with the owners, their successors, assigns and heirs, of the premises known as Blocks 2301.02 and 2301.03, such easements and rights-of-way being more particularly described as:

A. Vehicular and pedestrian traffic over and across the private roads and nature path of Vanderhaven Farm, Village I Condominium as such private roads are shown on Exhibits "B" and "D" of this Master Deed for the purpose of permitting ingress and egress over such private roads and nature path;

B. Surface water runoff and drainage caused by natural forces and elements, grading and/or improvements located on Blocks 2301.02 and 2301.03, including such subsurface drains and stormwater pipes as are necessary to convey such water to appropriate detention facilities, the purpose of this being a blanket easement to permit drainage from Blocks 2301.02 and 2301.03; and

C. Twelve and one-half (12 1/2') feet on either side of the sanitary sewer lines, water supply lines, and all other utility lines constructed in Vanderhaven Farm, Village I Condominium, the purpose of this being to permit the flow of sewerage, the flow of potable water, and the passage of utility services through Vanderhaven Farm, Village I Condominium.

The cost of maintaining, repairing and replacing any of the improvements (road, sanitary sewer, storm water drainage or potable water)

situated on or within the common elements of Vanderhaven Farm, Village I Condominium and the use of such improvements as described above shall be without charge or cost to the owners and their heirs, assigns and successors of Blocks 2301.02 and 2301.03, except as set forth in paragraph 16.00 herein.

The above easements also include such easements as are necessary for the purpose of installing, laying, operating, maintaining, inspecting, removing, repairing, replacing, relaying, and adding to from time to time any pipes or improvements, together with necessary fittings, appurtenances and attached facilities, as are necessary to fulfill the purposes of the above described easements. Together with the right to enter in and upon the common elements described herein with men and machinery and both vehicular and pedestrian traffic at any and all times for the purpose of maintaining, repairing, or renewing the aforesaid improvements and appurtenances and for doing anything necessary, useful and convenient for the enjoyment of the easements herein granted.

If it becomes necessary in order to fulfill the purposes of the above easements, without increasing the scope of the use of the easements, for work, repairs, replacement or maintenance on the improvements to be done to the improvements situated on the Common Elements of Vanderhaven Farm, Village I Condominium, by or on behalf of the owners, their heirs, successors or assigns of Blocks 2301.02 and/or 2301.03, then such owners, their heirs, assigns and successors shall be entitled to reimbursement from Vanderhaven Farm, Village I Condominium (as a common expense) for the reasonable actual repairs as in the same manner as the municipality as described in Paragraph 14 of this Master Deed.

The terms and provisions of this paragraph shall not be amended unless the owners, their heirs, successors and assigns of Blocks 2301.02 and 2301.03 shall approve and agree to same, such agreement being by majority vote of their authorized representatives. Like easements are to be established across Block 2301.02 and 2301.03 for the benefit of Members of Vanderhaven Farm, Village I Condominium.

16.00 Provisions Applicable to Sharing Expenses Related to Certain Stormwater Management Facilities. VanderVeer Lake is physically located within the General Common Elements of both Block 2301.01 and Block 2301.02. At the westerly end of VanderVeer Lake are dams, spillways, a lower lake and other associated stormwater management structures. These facilities will require periodic inspection as well as potential repair. In addition, VanderVeer Lake may require periodic de-silting. The upkeep of VanderVeer Lake and the inspection and repair of the stormwater management facilities described above are for the benefit of Blocks 2301.01, 2301.02, and 2301.03. As such, the costs and expenses attributable to the foregoing shall be shared between the three villages based upon the number of units in each Village, with the percentages established as follows: Block 2301.01, Village I, containing 345 units - 31%; Block 2301.02, Village II, containing 410 units - 37%; and Block 2301.03, Village III, containing 350 units - 32%.

At the beginning of each fiscal year, the Board of Trustees of the three (3) villages shall meet and agree upon the total costs and expenses directly attributable to the upkeep of VanderVeer Lake and the inspection and repair of the stormwater management facilities described above. Each Association's annual budget shall include a line item for such costs and expenses, which shall be spent in accordance with agreements reached between the Trustees of the three (3) Associations.

In the event of a conflict between the Master Deed and Bylaws, the provisions of the Master Deed shall control.

IN WITNESS WHEREOF, The Sponsor has caused this instrument to be signed, sealed and delivered by its proper corporate officers and its corporate seal to be affixed this _____ day of _____, 198__.

ATTEST:

K. HOVNANIAN AT BRIDGEWATER I, INC.

BY:

EDWARD A. ISRAELOW,
Assistant Secretary

MERLE H. HUSETH,
Vice-President

STATE OF NEW JERSEY: ss.
COUNTY OF MONMOUTH :

VHF

BE IT REMEMBERED, that on this ____ day of _____, 198__, the subscriber, an Attorney at Law of the State of New Jersey, personally appeared EDWARD A. ISRAELOW, who, being by me duly sworn upon his oath, deposes and makes proof to my satisfaction, that he is the Assistant Secretary of K. Hovnanian at Bridgewater I, Inc., the corporation named in the within instrument; that MERLE H. HUSETH is the Vice-President of said corporation; that the execution, as well as the making of this instrument, has been duly authorized by a proper resolution of the Board of Directors of the said corporation; that deponent well knows the corporate seal of said corporation; and that the seal affixed to said instrument is the proper corporate seal and was thereto affixed and said instrument signed and delivered by said Vice President as and for the voluntary act and deed of said corporation, in presence of deponent, who thereupon subscribed his name thereto as attesting witness.

EDWARD A. ISRAELOW

Sworn and Subscribed to before
me the date aforesaid.

NOTARY PUBLIC

INDEX TO EXHIBITS

<u>EXHIBIT</u>	<u>ITEM</u>
A	Metes and Bounds Phase I
B	Survey Phase I
C	Metes and Bounds entire tract
D	Survey entire tract
E	Unit Breakdown - %/Type
F	By-Laws
G1 - G8	Floor Plans

MASTER DEED - INDEX

0002343

VHF

1.00	Establishment of Condominium	5.23	Restoration and Replacement of Condominium in Event of Fire, Casualty or Obsolescence
2.00	Definitions	5.24	Sponsor's Easements
3.00	General Description of Condominium	6.00	Provisions Applicable to the 69 Affordable Condominiums
3.01	Description of Units	7.00	Provisions of this Instrument and Exhibits Thereto to be a Covenant Running with the Land
3.02	General Common Elements	8.00	Easement to Association
3.03	Undivided Interest	9.00	Ownership of Unsold Units
3.04	Limited Common Elements	10.00	Provisions for Benefit of Mortgagees
3.05	Percentage of Interest	10.01	Foreclosure
3.06	No Conveyance of Undivided Interest	10.02	Notice
4.00	The Administering Association	10.03	Right of Inspection
5.00	Declaration of Restrictive and Protective Covenants and Agreements and Easement Grants	10.04	Condemnation
5.01	Ownership of Common Elements	10.05	Easement of Encroachment
5.02	Ownership and Conveyance of Condominium Units	10.06	Membership
5.03	Occupancy of Units	10.07	Fidelity Bond
5.04	Easements and Encroachments	10.08	Mortgagee's Approval
5.05	Location of Condominium Units	10.09	Insurance Proceeds
5.06	Sponsor's Nonexclusive Easement to Common Elements	10.10	No Right of First Refusal
5.07	Utility Easements	10.11	Definition
5.08	Membership of Unit Owners in Condominium Association	11.00	Amendments to this Master Deed
5.09	Election of Board of Trustees	11.01	Decreases
5.10	Administration of the Association	11.02	Increases
5.11	Penalties	11.03	Easements
5.12	Amendment or Revocation of this Declaration	11.04	Use of Easements
5.13	Contribution of Unit Owners Toward Expenses, Administration, etc. of Common Elements and the Association	11.05	Surrender of Sponsor's Rights
5.14	Lien in Favor of the Association	11.06	Technical Changes
5.15	Payment of Expenses out of Proceeds of Sale	11.07	Recordation
5.16	Liability of Purchaser for Assessments Due Association	11.08	Changes Prohibited
5.17	Maintenance of Dwelling Units	11.09	Effective Date of Amendment
5.18	Modification of Dwelling Units	11.10	Mortgagee's Consent
5.19	Use of Common Elements	12.00	Severability of Provisions Hereof
5.20	Damage to Common Elements	13.00	Reservation of Amendment Rights
5.21	Access to Units	14.00	Municipal Maintenance
5.22	Rental Restriction of Units	15.00	Reciprocal Easements
		16.00	Provisions Applicable to Sharing Expenses Related to Certain Stormwater Management Facilities



adams, rehmann & heggan

Reply To: Hamilton Square

Job No.50574

DESCRIPTION OF PROPERTY
(Vanderhaven Farm - Village I, Phase 1)

ALL THAT CERTAIN tract or parcel of land situate in the Township of Bridgewater, County of Somerset and the State of New Jersey being more particularly described as follows:

BEGINNING at a point in the Southerly line of Vanderveer Road (as measured 25.00 feet from the original centerline) where the same is intersected by the Westerly line of Vanderhaven Farm - Village II and from said beginning point runs; thence, along said Village II (1) S. 04° 35' 30" E. 223.50 feet to a point corner to the same; thence, still along the same and its extension (2) S. 54° 54' 30" W. 393.47 feet to a point; thence (3) N. 18° 17' 06" W. 145.51 feet to a point on a curve; thence, on a curve to the right with a radius of 700.00 feet (4) Southwestwardly, an arc distance of 72.00 feet to a point; thence (5) N. 12° 23' 30" W. 155.18 feet to a point in the Southerly line of Block 2301, Lot 1; thence, along the same (6) N. 85° 24' 30" E. 70.24 feet to a point corner to the same; thence, still along the same (7) N. 04° 35' 30" W. 141.50 feet to a point in the aforementioned line of Vanderveer Road; thence, along the same (8) N. 85° 24' 30" E. 395.00 feet to the point and place of beginning.

SAID ABOVE DESCRIBED tract of land containing within said bounds 3.142 acres.

850 S. White Horse Pike, P.O. Box 579, Hammonton, NJ 08037, (609) 561-0482
2133 Route 33, Suite 3, Lexington Square, Hamilton Square, NJ 08690, (609) 587-3433

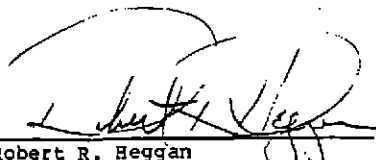
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VHF

SAID ABOVE DESCRIBED tract of land being known and designated as Vanderhaven Farm - Village 1, Phase 1 as illustrated on the "Final Map of Vanderhaven Farm Condominium - Phases 1 & 3" prepared by Adams, Rehmann & Heggan Associates Inc. and dated November 6, 1986.

November 26, 1986
DATE



Robert R. Heggan
N.J. Land Surveyor No. 17775



adams, rehmann & heggan

Reply To: Hamilton Square

Job No. 50574

DESCRIPTION OF PROPERTY
(Village I)

ALL THAT CERTAIN tract or parcel of land situate in the Township of Bridgewater, County of Somerset and the State of New Jersey being more particularly described as follows:

BEGINNING at a point in the Northeasterly line of the Central Railroad of New Jersey where the same is intersected by the proposed Southerly line of Vanderveer Road (variable width) said point being S. 22° 23' 30" E. 77.00 feet as measured along said railroad from its intersection with the original Southerly line of Vanderveer Road (as measured 16.50 feet from the original centerline) and from said beginning point runs; thence, along said proposed Southerly line of Vanderveer Road (1) N. 67° 36' 30" E. 214.23 feet to a point in line of Block 2301, Lot 2A; thence, along the same the following three courses (2) S. 11° 10' 30" E. 193.45 feet to a point; thence (3) N. 85° 24' 30" E. 191.10 feet to a point; thence (4) N. 04° 35' 30" W. 191.50 to a point in the proposed Southerly line of Vanderveer Road (as measured 25.00 feet from the original centerline); thence, along the same (5) N. 85° 24' 30" E. 91.47 feet to a point corner to Block 2301, Lot 1; thence, along the same the following three courses (6) S. 04° 35' 30" E. 141.50 feet to a point; thence (7) N. 85° 24' 30" E. 307.44 feet to a point; thence (8) N. 04° 35' 30" W. 141.50 feet to a point in the proposed Southerly line of Vanderveer Road (as measured 25.00 feet from the original centerline); thence, along the same (9)

850 S. White Horse Pike, P.O. Box 579, Hammonton, NJ 08037, (609) 581-0482
2133 Route 33, Suite 3, Lexington Square, Hamilton Square, NJ 08690, (609) 587-3433

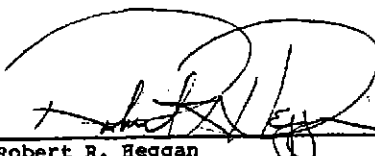
EXHIBIT "C"

N. 85° 24' 30" E. 395.00 feet to a point in the Westerly line of Village II; thence, along the same the following nine courses (10) S. 04° 35' 30" E. 223.50 feet to a point; thence (11) S. 54° 54' 30" W. 375.00 feet to a point; thence (12) S. 23° 46' 21" E. 275.02 feet to a point; thence (13) N. 81° 50' 00" E. 352.00 feet to a point; thence (14) S. 54° 40' 00" E. 263.00 feet to a point; thence (15) S. 38° 40' 00" E. 443.00 feet to a point; thence (16) S. 10° 10' 00" E. 321.00 feet to a point; thence (17) S. 24° 50' 00" W. 137.00 feet to a point; thence (18) S. 37° 20' 00" W. 445.00 feet to a point in the Northerly line of Block 2301, Lot 6; thence, along the same (19) S. 76° 20' 00" W. 807.78 feet to a point in the aforementioned the Central Railroad of New Jersey; thence, along the same the following five courses (20) N. 22° 23' 30" W. 997.93 feet to a point; thence (21) N. 67° 36' 30" E. 17.00 feet to a point; thence (22) N. 22° 23' 30" W. 500.00 feet to a point; thence (23) S. 67° 36' 30" W. 17.00 feet to a point; thence (24) N. 22° 23' 30" W. 623.47 feet to the point and place of beginning.

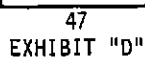
SAID ABOVE DESCRIBED tract of land containing within said bounds 51.225 acres.

SAID ABOVE DESCRIBED tract of land being known and designated as "Vanderhaven Farm" Village I prepared by Adams, Rehmann & Heggan Associates Inc. dated November 15, 1985,

December 1, 1986
DATE


Robert R. Heggan
N.J. Land Surveyor No. 17775

8786000



VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 1

BUILDING NO.	UNIT NO.	UNIT TYPE	PERCENT INTEREST	
			LIMITED COMMON ELEMENTS	IN UNDIVIDED ELEMENTS
1	A	300C	1	.2898%
1	B	300D	1	.2898%
1	C	350C	1	.2898%
1	D	350D	1	.2898%
1	E	250C	1	.2898%
1	F	250D	1	.2898%
1	G	350D	1	.2898%
1	H	350C	1	.2898%
2	A	600C	1	.2898%
2	B	600D	1	.2898%
2	C	300C	1	.2898%
2	D	300D	1	.2898%
2	E	600C	1	.2898%
2	F	600D	1	.2898%
3	A	600C	1	.2898%
3	B	600D	1	.2898%
3	C	300C	1	.2898%
3	D	300D	1	.2898%
3	E	600C	1	.2898%
3	F	600D	1	.2898%

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EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I

0000751

VHF

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 2

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>PERCENT INTEREST</u>	
			<u>LIMITED COMMON ELEMENTS</u>	<u>IN UNDIVIDED ELEMENTS</u>
4	A	600C	1	.2898%
4	B	600D	1	.2898%
4	C	300D	1	.2898%
4	D	300C	1	.2898%
4	E	250D	1	.2898%
4	F	250C	1	.2898%
4	G	600C	1	.2898%
4	H	600D	1	.2898%
5	A	600C	1	.2898%
5	B	600D	1	.2898%
5	C	300D	1	.2898%
5	D	300C	1	.2898%
5	E	250D	1	.2898%
5	F	250C	1	.2898%
5	G	600C	1	.2898%
5	H	600D	1	.2898%
7	A	600C	1	.2898%
7	B	600D	1	.2898%
7	C	300C	1	.2898%
7	D	300D	1	.2898%
7	E	600C	1	.2898%
7	F	600D	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 3

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>LIMITED COMMON ELEMENTS</u>	<u>PERCENT INTEREST IN UNDIVIDED ELEMENTS</u>
6	A	300C	1	.2898%
6	B	300D	1	.2898%
6	C	600C	1	.2898%
6	D	600D	1	.2898%
6	E	300D	1	.2898%
6	F	300C	1	.2898%
6	G	250D	1	.2898%
6	H	250C	1	.2898%
8	A	600C	1	.2898%
8	B	600D	1	.2898%
8	C	350C	1	.2898%
8	D	350D	1	.2898%
8	E	250C	1	.2898%
8	F	250D	1	.2898%
8	G	350D	1	.2898%
8	H	350C	1	.2898%

VANDERHAVEN FARM, VILLAGE I

0000353 VHF

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 4

BUILDING NO.	UNIT NO.	UNIT TYPE	PERCENT INTEREST	
			LIMITED COMMON ELEMENTS	IN UNDIVIDED ELEMENTS
22	A-1	5100	1	.2898%
22	A-2	5100	1	.2898%
22	B-1	5100	1	.2898%
22	B-2	5100	1	.2898%
22	C-1	5102	1	.2898%
22	C-2	5102	1	.2898%
22	D-1	5102	1	.2898%
22	D-2	5102	1	.2898%
22	E-1	5100	1	.2898%
22	E-2	5100	1	.2898%
22	F-1	5100	1	.2898%
22	F-2	5100	1	.2898%
22	G-1	5102	1	.2898%
22	G-2	5102	1	.2898%
22	H-1	5102	1	.2898%
22	H-2	5102	1	.2898%
23	A-1	5103	1	.2898%
23	A-2	5103	1	.2898%
23	B-1	5103	1	.2898%
23	B-2	5103	1	.2898%
23	C-1	5101	1	.2898%
23	C-2	5101	1	.2898%
23	D-1	5101	1	.2898%
23	D-2	5101	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 5

BUILDING NO.	UNIT NO.	UNIT TYPE	LIMITED COMMON	PERCENT INTEREST
			ELEMENTS	IN UNDIVIDED ELEMENTS
25	A-1	5100	1	.2898%
25	A-2	5100	1	.2898%
25	B-1	5100	1	.2898%
25	B-2	5100	1	.2898%
25	C-1	5102	1	.2898%
25	C-2	5102	1	.2898%
25	D-1	5102	1	.2898%
25	D-2	5102	1	.2898%
25	E-1	5100	1	.2898%
25	E-2	5100	1	.2898%
25	F-1	5100	1	.2898%
25	F-2	5100	1	.2898%
25	G-1	5102	1	.2898%
25	G-2	5102	1	.2898%
25	H-1	5102	1	.2898%
25	H-2	5102	1	.2898%
27	A-1	5100	1	.2898%
27	A-2	5100	1	.2898%
27	B-1	5100	1	.2898%
27	B-2	5100	1	.2898%
27	C-1	5102	1	.2898%
27	C-2	5102	1	.2898%
27	D-1	5102	1	.2898%
27	D-2	5102	1	.2898%
27	E-1	5100	1	.2898%
27	E-2	5100	1	.2898%
27	F-1	5100	1	.2898%
27	F-2	5100	1	.2898%
27	G-1	5102	1	.2898%
27	G-2	5102	1	.2898%
27	H-1	5102	1	.2898%
27	H-2	5102	1	.2898%

VANDERHAVEN FARM, VILLAGE I

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TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 6

BUILDING NO.	UNIT NO.	UNIT TYPE	PERCENT INTEREST	
			LIMITED COMMON ELEMENTS	IN UNDIVIDED ELEMENTS
24	A-1	5100	1	.2898%
24	A-2	5100	1	.2898%
24	B-1	5100	1	.2898%
24	B-2	5100	1	.2898%
24	C-1	5102	1	.2898%
24	C-2	5102	1	.2898%
24	D-1	5102	1	.2898%
24	D-2	5102	1	.2898%
24	E-1	5100	1	.2898%
24	E-2	5100	1	.2898%
24	F-1	5100	1	.2898%
24	F-2	5100	1	.2898%
24	G-1	5102	1	.2898%
24	G-2	5102	1	.2898%
24	H-1	5102	1	.2898%
24	H-2	5102	1	.2898%
26	A-1	5103	1	.2898%
26	A-2	5103	1	.2898%
26	B-1	5103	1	.2898%
26	B-2	5103	1	.2898%
26	C-1	5101	1	.2898%
26	C-2	5101	1	.2898%
26	D-1	5101	1	.2898%
26	D-2	5101	1	.2898%
26	E-1	5103	1	.2898%
26	E-2	5103	1	.2898%
26	F-1	5103	1	.2898%
26	F-2	5103	1	.2898%
26	G-1	5101	1	.2898%
26	G-2	5101	1	.2898%
26	H-1	5101	1	.2898%
26	H-2	5101	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I
TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 7

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>LIMITED COMMON ELEMENTS</u>	<u>PERCENT INTEREST IN UNDIVIDED ELEMENTS</u>
29	A-1	5100	1	.2898%
29	A-2	5100	1	.2898%
29	B-1	5100	1	.2898%
29	B-2	5100	1	.2898%
29	C-1	5102	1	.2898%
29	C-2	5102	1	.2898%
29	D-1	5102	1	.2898%
29	D-2	5102	1	.2898%
29	E-1	5100	1	.2898%
29	E-2	5100	1	.2898%
29	F-1	5100	1	.2898%
29	F-2	5100	1	.2898%
29	G-1	5102	1	.2898%
29	G-2	5102	1	.2898%
29	H-1	5102	1	.2898%
29	H-2	5102	1	.2898%

VANDERHAVEN FARM, VILLAGE I

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TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 8

BUILDING NO.	UNIT NO.	UNIT TYPE	PERCENT INTEREST	
			LIMITED COMMON ELEMENTS	IN UNDIVIDED ELEMENTS
28	A-1	5101	1	.2898%
28	A-2	5101	1	.2898%
28	B-1	5101	1	.2898%
28	B-2	5101	1	.2898%
28	C-1	5103	1	.2898%
28	C-2	5103	1	.2898%
28	D-1	5103	1	.2898%
28	D-2	5103	1	.2898%
30	A-1	5100	1	.2898%
30	A-2	5100	1	.2898%
30	B-1	5100	1	.2898%
30	B-2	5100	1	.2898%
30	C-1	5102	1	.2898%
30	C-2	5102	1	.2898%
30	D-1	5102	1	.2898%
30	D-2	5102	1	.2898%
30	E-1	5100	1	.2898%
30	E-2	5100	1	.2898%
30	F-1	5100	1	.2898%
30	F-2	5100	1	.2898%
30	G-1	5102	1	.2898%
30	G-2	5102	1	.2898%
30	H-1	5102	1	.2898%
30	H-2	5102	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I
TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 9

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>LIMITED COMMON ELEMENTS</u>	<u>PERCENT INTEREST IN UNDIVIDED ELEMENTS</u>
31	A-1	5103	1	.2898%
31	A-2	5103	1	.2898%
31	B-1	5103	1	.2898%
31	B-2	5103	1	.2898%
31	C-1	5101	1	.2898%
31	C-2	5101	1	.2898%
31	D-1	5101	1	.2898%
31	D-2	5101	1	.2898%
32	A	350C	1	.2898%
32	B	350D	1	.2898%
32	C	250D	1	.2898%
32	D	250C	1	.2898%
32	E	350D	1	.2898%
32	F	350C	1	.2898%
32	G	300D	1	.2898%
32	H	300C	1	.2898%

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 10

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<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>LIMITED COMMON ELEMENTS</u>	<u>PERCENT INTEREST</u>
				<u>IN UNDIVIDED ELEMENTS</u>
33	A	600C	1	.2898%
33	B	600D	1	.2898%
33	C	350C	1	.2898%
33	D	350D	1	.2898%
33	E	250C	1	.2898%
33	F	250D	1	.2898%
33	G	350D	1	.2898%
33	H	350C	1	.2898%
35	A	300C	1	.2898%
35	B	300D	1	.2898%
35	C	600C	1	.2898%
35	D	600D	1	.2898%
35	E	300D	1	.2898%
35	F	300C	1	.2898%
35	G	250D	1	.2898%
35	H	250C	1	.2898%
37	A	300C	1	.2898%
37	B	300D	1	.2898%
37	C	350C	1	.2898%
37	D	350D	1	.2898%
37	E	250C	1	.2898%
37	F	250D	1	.2898%
37	G	350D	1	.2898%
37	H	350C	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE 1

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 11

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>LIMITED COMMON ELEMENTS</u>	<u>PERCENT INTEREST IN UNDIVIDED ELEMENTS</u>
34	A	350C	1	.2898%
34	B	350D	1	.2898%
34	C	250D	1	.2898%
34	D	250C	1	.2898%
34	E	350D	1	.2898%
34	F	350C	1	.2898%
34	G	300D	1	.2898%
34	H	300C	1	.2898%
36	A	350C	1	.2898%
36	B	350D	1	.2898%
36	C	250D	1	.2898%
36	D	250C	1	.2898%
36	E	350D	1	.2898%
36	F	350C	1	.2898%
36	G	600D	1	.2898%
36	H	600C	1	.2898%

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 12

BUILDING NO.	UNIT NO.	UNIT TYPE	PERCENT INTEREST	
			LIMITED COMMON ELEMENTS	IN UNDIVIDED ELEMENTS
15	A	300C	1	.2898%
15	B	300D	1	.2898%
15	C	350C	1	.2898%
15	D	350D	1	.2898%
15	E	250C	1	.2898%
15	F	250D	1	.2898%
15	G	350D	1	.2898%
15	H	350C	1	.2898%
18	A	600C	1	.2898%
18	B	600D	1	.2898%
18	C	300D	1	.2898%
18	D	300C	1	.2898%
18	E	250D	1	.2898%
18	F	250C	1	.2898%
18	G	600C	1	.2898%
18	H	600D	1	.2898%
20	A	300C	1	.2898%
20	B	300D	1	.2898%
20	C	600C	1	.2898%
20	D	600D	1	.2898%
20	E	300D	1	.2898%
20	F	300C	1	.2898%
20	G	250D	1	.2898%
20	H	250C	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 13

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>PERCENT INTEREST</u>	
			<u>LIMITED COMMON ELEMENTS</u>	<u>IN UNDIVIDED ELEMENTS</u>
17	A	350C	1	.2898%
17	B	350D	1	.2898%
17	C	250D	1	.2898%
17	D	250C	1	.2898%
17	E	350D	1	.2898%
17	F	350C	1	.2898%
17	G	600D	1	.2898%
17	H	600C	1	.2898%
19	A	350C	1	.2898%
19	B	350D	1	.2898%
19	C	250D	1	.2898%
19	D	250C	1	.2898%
19	E	350D	1	.2898%
19	F	350C	1	.2898%
19	G	300D	1	.2898%
19	H	300C	1	.2898%
21	A-1	5101	1	.2898%
21	A-2	5101	1	.2898%
21	B-1	5101	1	.2898%
21	B-2	5101	1	.2898%
21	C-1	5103	1	.2898%
21	C-2	5103	1	.2898%
21	D-1	5100	1	.2898%
21	D-2	5100	1	.2898%

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VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 14

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>UNIT TYPE</u>	<u>PERCENT INTEREST</u>	
			<u>LIMITED COMMON ELEMENTS</u>	<u>IN UNDIVIDED ELEMENTS</u>
14	A	600C	1	.2898%
14	B	600D	1	.2898%
14	C	300D	1	.2898%
14	D	300C	1	.2898%
14	E	250D	1	.2898%
14	F	250C	1	.2898%
14	G	600C	1	.2898%
14	H	600D	1	.2898%
16	A	600C	1	.2898%
16	B	600D	1	.2898%
16	C	300D	1	.2898%
16	D	300C	1	.2898%
16	E	250D	1	.2898%
16	F	250C	1	.2898%
16	G	600C	1	.2898%
16	H	600D	1	.2898%

EXHIBIT "E"

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 15

BUILDING NO.	UNIT NO.	UNIT TYPE	LIMITED COMMON	PERCENT INTEREST
			ELEMENTS	IN UNDIVIDED ELEMENTS.
9	A	300C	1	.2898%
9	B	300D	1	.2898%
9	C	600C	1	.2898%
9	D	600D	1	.2898%
9	E	300D	1	.2898%
9	F	300C	1	.2898%
9	G	250D	1	.2898%
9	H	250C	1	.2898%
11	A	600C	1	.2898%
11	B	600D	1	.2898%
11	C	300D	1	.2898%
11	D	300C	1	.2898%
11	E	250D	1	.2898%
11	F	250C	1	.2898%
11	G	600C	1	.2898%
11	H	600D	1	.2898%
13	A	600C	1	.2898%
13	B	600D	1	.2898%
13	C	300D	1	.2898%
13	D	300C	1	.2898%
13	E	250D	1	.2898%
13	F	250C	1	.2898%
13	G	600C	1	.2898%
13	H	600D	1	.2898%

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VANDERHAVEN FARM, VILLAGE I

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TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

PHASE 16

BUILDING NO.	UNIT NO.	UNIT TYPE	PERCENT INTEREST	
			LIMITED COMMON ELEMENTS	IN UNDIVIDED ELEMENTS
10	A	350C	1	.2898%
10	B	350D	1	.2898%
10	C	250C	1	.2898%
10	D	300D	1	.2898%
10	E	300C	1	.2898%
10	F	250C	1	.2898%
10	G	250D	1	.2898%
12	A	300C	1	.2898%
12	B	300D	1	.2898%
12	C	350C	1	.2898%
12	D	350D	1	.2898%
12	E	250C	1	.2898%
12	F	250D	1	.2898%
12	G	350D	1	.2898%
12	H	350C	1	.2898%

EXHIBIT "E"

BY LAWS OF VANDERHAVEN FARM, VILLAGE I
CONDOMINIUM ASSOCIATION

1.00 Applicability, Member, Membership and Definitions

1.01 Purpose. These By Laws shall be applicable to Vanderhaven Farm, Village I Condominium Association, Inc., a non-profit corporation of the State of New Jersey, hereinafter referred to as the "Association," to all of the members thereof, as hereinafter defined, to the community and recreational facilities owned or maintained by the Association and to Vanderhaven Farm, Village I condominium which is now, or may hereinafter be created or expanded, hereinafter referred to as the "Condominium."

1.02 Members. All present and future owners, tenants, future tenants, their guests, licensees, agents, employees and any other person or persons that shall be permitted to use the facilities of the Association or of the Condominium, shall be subject to these By Laws and to the Rules and Regulations issued by the Association to govern the conduct of its members. Acquisition, rental or occupancy of any of the Units in the Condominium shall be conclusively deemed to mean that the said owner, tenant or occupant has accepted and ratified these By Laws and the Rules and Regulations of the Association and will comply with them.

1.03 Definition of Terms. Unless it is plainly evident from the context that a different meaning is intended, as used throughout these By Laws, all definitions set forth in the Master Deed or N.J.S.A. 46:8B-3 are incorporated herein by reference.

(a) "Member" means the owner or co-owners of a dwelling unit in the Condominium, their heirs, executors and assigns;

(b) "Sponsor" means K. Hovnanian at Bridgewater I, Inc., its successors and assigns.

1.04 Rights of Members. Except as otherwise provided, membership in the Association shall be limited to the Owners or Co-Owners of Units in the Condominium, provided that whenever title to a Unit is vested in two or more persons, such Co-Owners shall be entitled jointly to one vote for their particular Unit.

In the event that a Member shall lease or permit another to occupy his Unit, the tenant or occupant and not the Member-Owner (except as a guest) shall be permitted to enjoy the recreational and community facilities of the Association. The tenant shall not vote in the affairs of the Association unless the Member shall permit the tenant or occupant to exercise the proxy vote of the Member. The use of community and recreational facilities of the Association shall be limited to occupants of dwelling units and their guests.

In the event that a Member shall mortgage his Unit, the lien of the mortgage shall be deemed to attach to the Member's rights, privileges and obligations of the Association, including the right to vote in the affairs of the Association so that if the Member shall be in default of any of the terms of the mortgage and such default shall result in foreclosure thereof, the Member's membership in the Association shall automatically terminate and all of the rights, privileges and obligations of membership shall inure to the mortgagee and its heirs, executors and assigns.

Every lawful transfer of title to a Member's Unit shall include membership in the Association and upon making such transfer, the previous owner's membership shall automatically terminate. Each Member, within seven (7) days after execution of a contract to sell the condominium unit, shall send written notice to the Association specifying the purchaser's name, address, and anticipated closing date.

Except as provided herein, membership in the Association may not be assigned or transferred and any attempted assignment or transfer thereof shall be void and of no effect.

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1.05 Evidence of membership and ownership in the Association may be evidenced by a membership card issued to each Member of the Association.

2.00 Principal Office. The principal office of the Association shall be located initially at 10 Highway 35, Red Bank, New Jersey 07701 but thereafter, may be located at such other suitable and convenient place or places as shall be permitted by law and designated by the Trustees.

3.00 Meetings of Members: Voting

3.01 Place of Meetings. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Trustees and designated in the notices of such meetings.

3.02 Annual Meeting. The first annual meeting shall be held not more than 60 days after 75% of all units ultimately to be constructed have been conveyed to individual unit owners, and succeeding annual meetings shall be held on the anniversary date of the first annual meeting. If the election of Trustees shall not be held on the date designated herein for any annual meeting or at any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting the unit owners may elect the Trustees and transact other business with the same force and effect as at an annual meeting duly called and held. Each proxy validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting unless it is revoked or superceded by a later valid proxy. New proxies may be received for any such subsequent meeting.

3.03 Notice of Annual Meetings. The Secretary shall mail notices of annual meetings to each Member of the Association, directed to his last known post office address as shown on the records of the Association, by regular mail, postage prepaid. Such notice shall be mailed not less than 10 days nor more than 20 days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notices as herein provided, such notice may be delivered by hand to the Members or left at their residence in their absence.

3.04 Special Meetings. The President may call a special meeting of the Members of the Association and it shall be the duty of the President to call a special meeting of the Members of the Association whenever he is directed to do so by resolution of a majority of the Trustees or upon presentation to the Secretary of a petition signed by 33 1/3 percent of the Members entitled to vote at such meeting.

3.05 Notice of Special Meetings. The Secretary shall mail notice of such special meeting to each Member of the Association in the manner provided in Section 3.03 of this Article, except that notices of such special meetings shall be mailed not less than 5, nor more than 10 days before the date fixed for such meetings. In lieu of mail notice as herein provided, such notice may be delivered by hand to the Members or left at their residence in their absence. No other business shall be transacted at any special meeting except that which is stated in the notice thereof unless by consent of two thirds of the Members present, either in person or by proxy.

3.06 List of Members. The Secretary shall compile and keep up to date at the principal office of the Association, a complete list of the Members and their last known post office addresses. Such list shall also show opposite each Member's name the number of dwelling units owned by him and the parking space(s) assigned to said unit(s). This list shall be open to inspection by all Members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute book of the Association, containing the minutes of all annual and special meetings of the Association and all resolutions of the Trustees.

3.07 Voting. Each Condominium unit shall have one vote in the Association. If a Member owns more than one unit, he shall be entitled to one vote for each unit owned. The vote of a Condominium unit shall not be divisible. Votes may be cast in person, by proxy or by absentee ballot.

3.08 Good Standing. A Member shall be deemed to be in "good standing" and "entitled to vote" at any annual or special meeting of the Association if, and only if, he has fully paid all assessments or fines made or levied against him and his unit by the Trustees as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his unit, ~~at least three~~ ~~calendar days prior to the date fixed for such annual or special meeting.~~

3.09 Quorum. Except as otherwise provided in the By Laws, the presence in person or by proxy or by absentee ballot of Members representing a majority of the total number of votes in the Association shall constitute a quorum at any annual or special meeting of Members. If any meeting of Members cannot be organized because a quorum is not then present, the Members present, either in person or by proxy or by absentee ballot, may adjourn the meeting to a time not less than 18 hours from the time the original meeting was called. In the event of any such adjourned meeting, no further notice of the adjourned date need be given to any of the Members. For purposes of establishing a quorum, the number of members present either in person or by proxy or by absentee ballot, at any meeting which is adjourned because of the lack of a quorum, shall be deemed to be present at any subsequent meetings of the original adjourned meeting for purposes of establishing a quorum. For purposes of determining a quorum for any issues not expressly set forth on the absentee ballots, absentee ballots shall not be counted. Commencing on the first annual meeting at least twenty-four (24) months after the developer has relinquished control of the Board of Trustees of the Association to the residents, the presence in person or by proxy of Members representing one-third (1/3) of the total number of votes in the Association shall constitute a quorum at any annual or special meeting of Members.

3.10 Proxies/Absentee Ballots. Votes may be cast either in person, by proxy or by absentee ballot. Proxies and absentee ballots must be in writing and on the form prescribed by the secretary and filed with the secretary at least two (2) calendar days before the time designated for each meeting in the notice thereof.

3.11 Capital Expenditures. All decisions of the Members involving Capital Expenditures shall require for passage the affirmative vote of at least 67 percent of the Members in good standing and entitled to vote. Capital Expenditures shall be defined for purposes herein as the expenditure of money for any single item or for any combination of related items with a life expectancy in excess of one (1) year for which the initial cost exceeds \$10,000, increased by the percentage of increase in the Consumer Price Index for the Standard Metropolitan Statistical Area within which the condominium property is located, from the date of recording of the Master Deed. The Trustees shall be governed in the making of Capital Expenditures by decisions made by the Members as provided in this section. As long as the Sponsor maintains a majority of the Board of Trustees, Sponsor shall make no additions, alterations, improvements or purchases which necessitate a special assessment or a substantial increase in the monthly assessment unless so required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. Repair and/or maintenance, or replacement of the buildings, Common Elements, recreation facilities and all other property, real or personal, of the Association shall not be subject to the provisions of this paragraph.

3.12 Order of Business. The order of business at all annual meetings of the Members of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver;
- (c) Reading of minutes of preceding meeting;

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- (d) Reports of officers;
- (e) Reports of committees;
- (f) Appointment of inspectors of election;
- (g) Election of Trustees;
- (h) Unfinished business;
- (i) New business;
- (j) Election of Officers.

4.00 Obligations of Members

4.01 Unit Maintenance. Each Member shall perform promptly and at his own risk, cost and expense, all maintenance and repair work with respect to the portion of each unit owned by that Member which does not comprise a part of the common elements, and those common elements which are designated as limited common elements, other than any assigned parking space and which, if omitted, would adversely affect or jeopardize the safety of the Condominium or any part or parts thereof belonging in whole or in part to other Members and each Member shall be liable for any damages, liabilities, costs or expenses, including attorney's fees, caused by or arising out of his failure to promptly perform any such maintenance and repair work.

4.02 Damage to Common Elements. Each Member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the Common Elements or Association's property damaged by his negligence or by the negligence of his family or household pet, his tenants, guests, invitees or agents. Upon receipt of the Association's statement for the amount of damages caused, the Member responsible for such damages shall reimburse the Association within thirty (30) days of receipt of said statement. If, due to the negligent act or omission or misuse by a Member, or a member of his family or household pet, his tenants, guests, invitees or agents (whether authorized or unauthorized by the Member), damage shall be caused to the Common Elements, or Association's property, or to a Unit(s) owned by others, and maintenance, repairs or replacements shall be required to repair said damage, the cost of which would otherwise be a Common Expense, the Member so responsible shall pay for such damage and be liable for any damages, liability, costs and expense, including attorney's fees, caused by or arising out of such circumstances, and such maintenance, repairs and replacements to the General or Limited Common Elements or Association's property or the Unit(s) shall be subject to the By-Laws and the Rules and Regulations.

4.03 Common Expense. Each Member is bound to contribute, as set forth in Section 13.00 herein, toward the expenses of administration and of maintenance and repair of the Common Elements of the Condominium which is administered by this Association; the expenses of administering and maintaining the Association and all of its real and personal property in such amounts as shall from time to time be fixed by the Trustees; the reserves established to replace the Common Elements including both real and personal property and any other expenses that may be lawfully agreed upon (Common Expenses). No Member may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the Common Elements or the community or recreational facilities of the Association or by abandonment of the unit owned by the Member.

4.04 Time of Payment. Payment by the Member of his share of the aforesaid expenses shall be made in the amount and frequency as determined by the Trustees, to the Treasurer of the Association at the principal office of the Association or such other place as shall be designated by the Trustees.

4.05 Lien. All such charges and expenses chargeable to a Member and the Member's dwelling unit shall constitute a lien against the said unit in favor of the Association for the use and benefit of the Members of the Association prior to all other liens except (1) assessments, liens and charges for taxes past due and unpaid on the unit, and (2) payments due under mortgage instruments of encumbrance, if any, duly recorded. The said lien may be recorded in accordance with the provisions of N.J.S.A. 46:8B-21

and be foreclosed in the manner provided for the foreclosure and sale of real estate mortgages and in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action including court costs and reasonable attorney's fees. The right of the Association to foreclose the lien aforesaid shall be in addition to any other remedy which may be available to it at law for the collection of the charges and expenses including the right to proceed personally against any delinquent Member for the recovery of a personal judgment against the Member for the amount due, court costs and reasonable attorney's fees.

4.06 Acceleration. In the event a Member shall fail to pay any assessment levied against him and the Condominium unit owned by him for the maintenance of the common elements of the Condominium, for the expenses of administering, maintaining and operating the community and recreational facilities of the Association, any fine levied against him, or any other expense lawfully agreed upon, then the total amount of any annual assessments chargeable to such unit owner remaining unpaid, regardless of the fact that the installments for the balance of the year are not yet due, shall immediately be declared due and payable in full, and within ten (10) days after the same are declared to be due and payable, the Association shall be entitled to record and/or foreclose the lien referred to in the preceding Section.

4.07 Priority of Assessment. Upon the sale, conveyance or other lawful transfer of title to a unit, all unpaid assessments against a Member for his pro-rata share of the Common Expenses and all fines levied against a Member and other expenses agreed upon, shall first be paid out of the sales price or by the acquirer in preference over any other assessments or charges of whatever nature except the following:

(a) Assessments, liens and charges for taxes past due and unpaid on the dwelling unit; and,

(b) Payments due under mortgage instruments of encumbrance, if any, duly recorded.

4.08 Liability of Acquirer of Unit. The acquirer of a Condominium unit shall be jointly and severally liable with the seller for the amounts due and owing by the latter to the Association up to the time of the conveyance or transfer, without prejudice to the acquirer's right to recover from the seller the amount paid by the acquirer as such joint debtor. The Association shall provide for the issuance, and issue to every acquirer, within five (5) business days of his written request, a statement of such amounts due by the seller and the acquirer's liability under this Section shall be limited to the amount as set forth in said statement. Failure of the Association to provide the statement aforesaid shall not eliminate or diminish any amounts due and owing.

4.09 Use of Units. All units shall be utilized for residential purposes only. A Member shall not make structural modifications without the written consent of the Trustees. Unit owners shall not cause or permit anything to be hung or displayed or placed on the outside walls, doors or windows of any building without the written consent of the Board of Trustees of the Condominium Association. A Member shall not store anything including but not limited to bicycles, wood, grills or garbage cans on the Limited Common or Common Elements including but not limited to porches, patios and sidewalks without the prior written consent of the Board of Trustees of the Condominium Association. No signs shall be permitted on the exterior or interior of any unit. No owner shall be permitted to install or have installed any window air conditioner, window fan, heat pump, device in any window, door or other exterior opening of a dwelling unit.

Nothing shall be done or kept in any unit or common elements which shall increase the rate of insurance of any other buildings or contents thereof applicable for residential use without the prior written consent of the Board of Trustees of the Condominium Association. No owner shall permit anything to be done or kept in his unit or in the common elements

which will result in the cancellation of insurance on any of the buildings or contents thereof, or which would be in violation of any law. No waste will be committed in any of the common elements. No recreational vehicles (campers, house-trailers, motor homes, etc.) or commercial vehicles will be allowed to park overnight without prior written approval by the Board of Trustees, or the designated representative of the Board for this purpose. "Commercial vehicles" shall refer to pick-up trucks, vans, trucks, tractors, trailers, wagons, or oversized vehicles having commercial license plates or used for commercial purposes.

4.10 Access to Units. The Association shall have the irrevocable right to be exercised by the Trustees or Manager of the Association, or any duly authorized agent, to have access to each dwelling unit from time to time during reasonable hours, and upon reasonable notice except in case of emergency, as may be needed for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the common elements or to another dwelling unit or units.

4.11 Compliance with Rules. Each Member shall comply strictly with these By Laws and with the Administrative Rules and Regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time and with the covenants, conditions and restrictions set forth in the Master Deed, and in the deed to his unit. Failure to comply with any of the same shall be grounds for a civil action to recover sums due, for damages or injunctive relief, for levying a fine for violation of the Rules and Regulations, plus court costs and reasonable attorney's fees; maintainable by the Association on behalf of the Members, or in a proper case, by an aggrieved Member. The Board of Trustees, pursuant to the By-Laws, shall adopt Rules and Regulations which shall be in addition to and supplement to restrictions on the owner's use of the Common Elements and so long as such Rules and Regulations are consistent with the intent and purposes set forth herein, such Rules and Regulations shall be deemed not to be Amendments.

4.12 Suspension of Rights. The membership, voting and common element use rights of any Member and/or tenant may be suspended by the Board for any period during which any assessment against the Unit to which his membership is appurtenant remains unpaid; but upon payment of such assessments, and any interest accrued thereon, whether by check or cash, his rights and privileges shall be immediately and automatically restored. Further, if Rules and Regulations governing the use of the Common Elements and the conduct of persons thereon have been adopted and published, and authorized in the By Laws, the rights and privileges of any person in violation thereof may be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single non-continuous violation. If the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Unit Owner and/or tenant is afforded an opportunity for a hearing which is consistent with the principles of due process of law.

4.13 Contribution to Capital. The Board may impose upon each Unit Owner, upon acquisition of title to his Unit, to be collected by Sponsor or the Association if a sale of a unit from a person other than Sponsor, a nonrefundable contribution to the capital of the Association in an amount to be determined by the Board, but not to exceed \$250.00. If imposed, payment of such fee shall be a condition precedent to membership in the Association. Any unpaid contribution to capital shall be deemed a lien on the Unit in the same manner as any unpaid Common Expenses attributable to such Unit.

5.00 Board of Trustees

5.01 Number and Qualifications. The affairs of the Association shall be governed by a Board of Trustees consisting of seven (7) persons, each of whom shall be either a Member of the Association or an officer, director, employee or designee of the Sponsor. So long as the Sponsor maintains a majority of the Board of Trustees it shall make no additions, alterations,

improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless so required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. While the developer maintains a majority of representation on the executive board, he shall post a fidelity bond or other guarantee acceptable to the Agency, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves. While the developer maintains a majority of the Board of Trustees, he 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. Nothing contained herein to the contrary shall serve to exculpate Members of the Board of Trustees appointed by the Sponsor from their fiduciary responsibilities.

5.02 Election. The Board of Trustees of Vanderhaven Farm, Village I Association shall be elected as follows:

(a) Sixty days after conveyance of 25 percent (25%) of the lots, parcels, units or interest, ultimately to be constructed, not less than 25 percent (25%) of the Members of the Board of Trustees shall be elected by the owners;

(b) Sixty days after conveyance of 50 percent (50%) of the lots, parcels, units or interests, ultimately to be constructed, not less than 40 percent (40%) of the Members of the Board of Trustees shall be elected by the owners;

(c) Sixty days after conveyance of 75 percent (75%) of the lots, parcels, units or interests, ultimately to be constructed, the Sponsor's control of the Board of Trustees shall terminate, at which time, the owners shall elect the entire Board of Trustees;

(d) The terms of Trustees elected pursuant to this paragraph shall terminate on the first annual meeting of the Members when all Trustees are unit owners (See Section 5.03);

(e) Notwithstanding a, b, and c above, the Sponsor may retain one Member of the Board of Trustees so long as there are any units remaining unsold in the regular course of business;

(f) Sponsor may surrender control of the Board of Trustees of the Association prior to the time as specified, provided the owners agree by a majority vote to assume control. However, in no event shall the Sponsor retain control of the Board of Trustees later than April 1, 1994;

(g) The Association, when controlled by the owners, shall not take any action that would be detrimental to the sale or sales of a unit or units by the Sponsor and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of control until the last unit is sold.

5.03 Term. At the first annual meeting of the Members of the Association, subsequent to all Members of the Board of Trustees being unit owners, two Trustees shall be elected to serve for a term of three (3) years, two shall be elected to serve for a term of two (2) years and the remaining three Trustees shall be elected to serve for a term of one (1) year. At the expiration of the initial term of each Trustee, his successor shall be elected to serve for a term of three (3) years, provided that each Trustee shall continue to hold office until his successor is elected. Trustees shall serve without compensation.

5.04 Vacancies. If the office of any Trustee shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Trustees, at a special meeting duly called for such purposes, shall choose a successor, who shall hold office until the next annual meeting of the Members and his re-election or the election of his successor at such meeting. The person so elected shall

serve for the unexpired term in respect to which such vacancy occurred. When a Member of the Board of Trustees, who has been elected by unit owners is removed or resigns that vacancy shall be filled by a unit owner.

5.05 Removal of Trustees. Trustees may be removed with or without cause, by the affirmative vote of two-thirds of the Members at any annual or special meeting of Members duly called for such purpose. Trustees may also be removed upon the failure of such Trustee to attend three (3) consecutive regular meetings upon the affirmative vote of 2/3 of the remaining Trustees at any meeting of the Trustees. Notice must be given to the Trustees to be removed of such meeting at least 15 calendar days before such meeting date.

5.06 First Organizational Meeting. The first or organizational meeting of each newly elected Board of Trustees shall be held immediately upon adjournment of the meeting of Members at which they were elected and at the same place where the meeting of Members was held provided a quorum is present. If a quorum of the Board is not then present, such first or organizational meeting shall be held as soon thereafter as may be practicable providing notice is given to each trustee as set forth in Section 7 of this Article or unless waived as provided in Section 9 of this Article.

5.07 Regular Meetings. Regular meetings of the Board of Trustees may be held at such time and place permitted by law as from time to time may be determined by the Trustees, but at least four such meetings shall be held in each fiscal year. Notice of regular meetings of the Board shall be given to each Trustee personally, by telegram or by United States Mail, with postage prepaid, directed to him at his last known post office address as the same appears on the records of the Association, at least five days before the date appointed for such meeting. Such notice shall state the date, time and place of such meeting and the purpose thereof.

5.08 Special Meetings. Special meetings of the Board of Trustees may be called by the President of the Association on three days written notice to each Trustee, given in the same manner as provided in Section 7 of this Article. Special meetings of the Board shall be called by the President or the Secretary in like manner upon the written request of any two Trustees.

5.09 Notices and Waivers of Notice. Before any meeting of the Board of Trustees, whether regular or special, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall likewise constitute a waiver by him of such notice. If all Trustees are present at any meeting of the Board, no notice of such meeting shall be required and any business may be transacted at such meeting except as otherwise prohibited by law or these By Laws.

5.10 Quorum. At all duly convened meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business except as otherwise expressly provided in these By Laws or by law and the acts of the majority present, shall be the acts of the Board of Trustees. If at any meeting of the Board of Trustees there shall be less than a quorum present, the Trustee or Trustees present may adjourn the meeting from time to time, and at any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to any Trustee.

5.11 Powers & Duties. The Board of Trustees shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of a residential condominium project and may do or cause to be done all such other lawful acts and things as are required by law, by these By Laws or otherwise directed or required to be done or exercised by Members of the Association or owners of units, or by others. In the performance of its duties as the administering body of the Association and of the Condominium being administered by said Association, the Board of Trustees shall have powers and duties, including, but not limited to, the following:

A. General Duties. The operation, maintenance, renewal, replacement, insurance, care, and upkeep, of the Buildings in the Condominium, the Common Elements (except as specifically provided for otherwise), the community and recreational facilities and all other property, real or personal, of the Association. The responsibility for the operation, maintenance, renewal, replacement, insurance, care, and upkeep, of the Buildings in the Condominium, the Common Elements (except as specifically provided for otherwise) shall become the responsibility of the Association immediately upon conveyance of title to the first unit in any building to an individual purchaser by the Sponsor. From and after the conveyance of title to the first unit in any building, the sole obligation and responsibility of the Sponsor under the Bylaws with regard to the operation, maintenance, renewal, replacement, insurance, care, upkeep, protection and surveillance of each such building shall be to pay to the Association the applicable assessments as specified in Article 9.00 of the Master Deed. Sponsor shall not, however, be obligated to pay any maintenance fees or assessments for common expenses other than replacement Reserves funds for so long as Sponsor is providing any subsidy or guarantee to unit owners of maintenance fees or assessments for common expenses. The Board of Trustees, pursuant to the By-Laws, shall adopt Rules and Regulations which shall be in addition to and supplement to restrictions on the owner's use of the Common Elements and as long as such Rules and Regulations are consistent with the intent and purposes set forth herein, such Rules and Regulations shall be deemed not to be Amendments.

B. Budget. The preparation prior to the beginning of each fiscal year of a budget or estimate for the annual expenses of the operation of the Association, the expenses of the operation of the community and recreational facilities, and reasonable reserves for depreciation, retirements and renewals. The total amount of such budget or estimate shall be assessed against all of the dwelling units and the respective owners thereof, as set forth in Section 13.00 herein. The amount thus found applicable to each dwelling unit shall be payable by the owner thereof to the Association in equal installments, in advance, said billing dates to be determined by the Trustees. At the time of adoption of the budget the Trustees shall also adopt a resolution stating that the amount being assessed for capital reserve replacement costs is adequate. The Trustees shall include an amount sufficient to pay the cost of the insurance appraisal required in Section 5.11(Q). In addition, the Trustees shall include in each annual budget an amount sufficient to reimburse each Trustee for the tuition for two educational seminars sponsored by the Community Associations Institute or similar organizations. Each Trustee may be reimbursed for all or portion of expenses including but not limited to tuition, textbooks, transportation, gas, lodging and meals incurred by the Trustee in connection with attending such educational seminars provided that such reimbursement is approved by a majority of the Trustees. Trustees shall be encouraged to attend at least two such seminars during each year they serve as a Trustee.

C. Assessments. By majority vote of the Board, to adjust or increase the amount of any annual assessment and to levy and collect in addition thereto, special assessments in such amounts as the Board may deem proper, whenever the Board is of the opinion that it is necessary to do so in order to meet increased operating or maintenance costs, or additional capital expenses, or because of emergencies; provided, however, that all such increases or special assessments shall be made or levied against such owners and the units owned by them respectively, in the same manner as provided in Section 13.00.

D. Use of Funds. To use and expend any sums collected from such assessments or levies for the operation, maintenance, renewal, care, upkeep, surveillance and protection of the common elements, (except as specifically provided for otherwise), community and recreational facilities of the Association and all of its real and personal property. This includes the use of any surplus funds which might remain at the end of any fiscal year. Any such surplus shall be applied toward the immediate subsequent year's costs and shall be included in the budget for that year.

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E. Fidelity Bonds. To require all officers and employees of the Association handling or responsible for funds in the Association's possession or under its control to furnish adequate fidelity bonds, in a form which includes penalties and corporate surety satisfactory to the Board of Trustees. The premiums on such bonds shall be paid by the Association as part of the common expenses.

F. Taxes. To pay all taxes and assessments levied or assessed against any property which has been made a part of the Condominium, exclusive of any taxes or assessments levied against any individual dwelling unit or otherwise properly chargeable to the owners thereof.

G. Personnel. To hire, employ and dismiss such clerks, stenographers, workmen, janitors, gardeners and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Trustees may from time to time be necessary for the proper operation and maintenance of the Condominium, and the community and recreational facilities of the Association, except the portions thereof required to be maintained by owners of dwelling units. The Board of Trustees may also employ a manager or contract with a management company for the Association at such compensation or in such terms as may be established by the Board, to perform such duties and services as the Board may lawfully delegate.

H. Access to Units. To enter or cause to be entered any dwelling unit with Notice at a reasonable hour when deemed necessary for or in connection with the operation, maintenance, repair or renewal of any common elements, or to prevent damage to the common elements or any dwelling units, or in emergencies provided that such entry and work shall be done with as little inconvenience as possible to the owners and occupants of such dwelling units. Each owner shall be deemed to have expressly granted such rights of entry by accepting and recording the deed to his Condominium Unit.

I. Delinquencies. To collect delinquent penalties, fines, levies or assessments made by the Association through the Board of Trustees against any dwelling units and the respective owners thereof, together with such costs and expenses incurred in connection therewith, including, but not limited to, court costs and attorney's fees, whether by suit or otherwise, to abate nuisances and enforce observance of the Rules and Regulations relating to the Condominiums, by injunction or such other legal actions or means as the Board of Trustees may deem necessary or appropriate.

J. Professionals. To employ or retain legal counsel, engineers and accountants, and to fix their compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association, including, but not limited to, those hereinbefore or hereinafter referred to in these By Laws.

K. Contracts. To enter into any contracts or agreements for the operation of the Corporation or the Condominium being administered by the Association including contracts for professional management, with private parties or any governmental agency or pursuant to applicable zoning ordinances of the Township.

L. Outside Management. To hire an outside agent and/or management firm to perform those services required by these By Laws.

M. Bank Accounts. To cause such operating accounts, and escrow and other accounts, if any, to be established and opened as the Board of Trustees may deem appropriate from time to time and as may be consistent with good accounting practices.

N. Fiscal Reports. To cause a complete audit of the books and accounts of the Association to be made by an independent Certified Public Accountant at the end of each fiscal year, and at such other time or times as may be deemed necessary. The Board of Trustees shall also prepare, at the end of each fiscal year, a report of the business and affairs of the

Association, showing its transactions and reflecting fully and accurately its financial conditions, which will be made available to Members during working hours upon reasonable notice. The Association, at least quarterly shall supply the Sponsor with unaudited financial status at no cost to the Sponsor until one year after the last unit closing, and thereafter annually supply to the Sponsor with a copy of the Associations annual report at no cost to Sponsor.

O. Detailed Books. To keep detailed books of accounts of the receipts and expenditures affecting the condominium and its administration and specifying the maintenance and repair expenses of the common elements and all other expenses incurred.

P. Fines. To make and enforce compliance, by the levying of fines or otherwise, with such Rules and Regulations relative to the operation, use and occupancy of the dwelling units, common elements and Association facilities, and to amend the same from time to time as the Board shall deem necessary or appropriate, which Rules and Regulations when approved by appropriate resolutions shall be binding on the owner and occupants of dwelling units, their successors in title and assigns. A copy of such Rules and Regulations and copies of any amendments thereof shall be delivered or mailed to each owner of a dwelling unit promptly upon the adoption thereof or posted in a conspicuous place in the Community Building.

Q. Insurance. To obtain and maintain, the following insurance; (1) broad form insurance against loss of fire and against loss by lightning, windstorm and other risk normally included within all risk extended coverage, including vandalism and malicious mischief, on all the Buildings containing the Units and Common Elements therein together with all central utility and other service machines contained therein, and all buildings, fixtures, equipment and personal property owned by the Association, in the amount determined by the Board. All such policies shall provide that in the event of loss or damage, the proceeds of said policy or policies shall be payable to the Board of Trustees or to its designee as an insurance trustee on behalf of all of the owners, co-owners and mortgagees of units in said buildings. Said insurance trustee shall be obligated to apply said proceeds as set forth in Section 6.00 of these By Laws. Each of said policies shall contain a standard mortgage clause in favor of each mortgagee of a unit and shall provide that loss, if any thereunder, shall be payable to such mortgagee as its respective interest may appear, subject however, to the right of the Board or its designee as insurance trustee, to receive said proceeds to be applied to repair or reconstruction as provided herein; (2) workmen's compensation; (3) public liability insurance insuring the Association and its Members against liability for any negligent act of commission or omission attributable to the Association or any of its Members and which occurs on or in any of the common elements of the Condominium or the community or recreational facilities of the Association; (4) burglary, theft and such other insurance as will protect the interest of the Association and its employees; (5) liability insurance indemnifying the Trustees and Officers of the Association against the liability of errors and omissions occurring in connection with the performance of their duties in an amount of at least \$1,000,000.00 with any deductible amount determined in the sole discretion of the Board of Trustees and in accordance with recommended guidelines promulgated by the Community Association Institute or other similar agency. All insurance premiums shall be paid by the Association as common expenses. Unless 75 percent of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than the developer) of the individual condominium units have given their prior written approval, the Board of Trustees shall not be entitled to (a) fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than 100 percent (100%) of the insurable value (based on current replacement cost) and (b) use hazard insurance proceeds for losses to any common property for other than the repair, replacement or reconstruction of such common property. At least once every five (5) years, the Board of Trustees shall cause an appraisal of all properties insured by the Association to determine their replacement value.

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R. Waiver of Subrogation and Cancellation. All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by unit owners or of invalidity arising from any acts of the insured or any unit owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of units.

S. Unit Owner's Insurance. Unit owners may obtain insurance on their own account and for their own benefit. No owner shall, however, insure any part of the common elements whereby, in the event of loss thereto, the right of the Association to recover the insurance proceeds for such loss in full, shall be diminished in any way.

T. Committees. The Board of Trustees of the Association may appoint committees as deemed appropriate in carrying out its purposes, including but not limited to:

1. A Recreation Committee, which shall advise the Board of Trustees on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, may determine.

2. A Maintenance Committee, which shall advise the Board of Trustees on all matters pertaining to the maintenance, repair or improvement of the Common Area and properties, as appropriate, and shall perform such other functions as the Board, in its discretion, may determine. The Association shall maintain the buffer areas of the condominium and shall replace landscaping in the buffer when such replacement is necessary with similar species of plants or species which provide similar screening characteristics.

3. An Audit Committee, which shall supervise the annual audit of the Association's books and approve the annual budget and statement, certified by an independent public accountant, of income and expenditures to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex-officio Member of the Committee.

4. An Architectural Control Committee, which shall consider requests by Members for modifications to any Common Elements, and shall establish guidelines and procedures for review of such requests consistent with the Master Deed and these By Laws and shall make recommendations to the Trustees as to what action should be taken upon such requests.

5. A Covenants Committee, consisting of five Members appointed by the Board, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner:

- (1) providing for visual harmony and soundness of repair;
- (2) avoiding activities deleterious to the esthetic or property values of the Condominium;
- (3) furthering the comfort of the Unit Owners, their guests, invitees and lessees; and
- (4) promoting the general welfare and safety of the Condominium community.

The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements in accordance with standards and guidelines contained in the Master Deed or By Laws or otherwise adopted by the Board. The Covenants Committee shall have the power to issue a cease and desist request to a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Master Deed, By Laws, the Rules and Regulations or resolutions of the Board (upon petition of any Unit Owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Master Deed, Articles of Incorporation and By Laws, Rules and Regulations and resolutions pursuant to the intents,

provisions and qualifications thereof when requested to do so by a Unit Owner or the Board. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Trustees by any Party deemed by the Board to have standing as an aggrieved party and a vote of a majority of the full authorized membership of the Board may modify or reverse any such action, ruling or decision. The Covenants Committee shall preserve the entry lanes into the parking areas as "No Parking" areas and "Fire Lanes" and shall erect signs in such areas to that effect.

The Covenants Committee shall have such additional duties, power and authority as the Board may from time to time provide by resolution including the right to impose fines pursuant to Section P hereof and Section 4.11. The Board may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case by case basis by vote of a majority of its full authorized membership thereof. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board. Notwithstanding the foregoing, no action may be taken by the Covenants Committee without giving the Unit Owner(s) involved at least (10) days prior written notice and affording him the opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

U. Acceleration of Assessment Installment Upon Default. If a Unit Owner shall be in default in the payment of an installment upon a Common Expense assessment, the Board may accelerate the remaining installments of the assessment and file a lien for such accelerated amount upon notice to the Unit Owner, and if the delinquent installment is not paid by the date set forth in the notice, the then unpaid balance of the Common Expense assessment shall come due upon such date, but not less than five (5) days after delivery of the notice to the Unit Owner, or not less than ten (10) days after the mailing of such notice has been given and whichever shall first occur. If no such notice has been given and default continues, the Board shall, between thirty and ninety days after the default first occurs, accelerate the remaining installments of the assessment, upon similar notice to the Unit Owner, and file a lien for such accelerated assessment as permitted by law if the delinquent installment is not paid by the date set forth in this notice. In the event that such notice is filed, the Board may notify any Institutional Lender holding a mortgage which encumbers the Unit affected by such default or publish appropriate notice of such delinquency to the membership of the Association. If said default continues for a period of 120 days, then the Board may foreclose the foregoing lien pursuant to law or commence a suit against the appropriate parties to collect said assessment. Delay shall not be a waiver of any rights.

V. Interest, Late Fees and Counsel Fees. The Board at its option shall have the right in connection with the collection of any Common Expense assessment, or other charge, to impose a late charge of any reasonable amount and/or interest at the legal maximum rate permitted by law for the payment of delinquent real estate taxes, if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said assessments or charges by resort to counsel or the filing of a lien, the Board may add to the aforesaid assessments or charges a sum or sums of twenty (20%) percent of the gross amount due as counsel fees, plus reasonable costs for preparation, filing and discharge of the lien, in addition to such other costs as shall be allowable by law.

In the case of any action or proceeding brought or defended by the Association or the Board pursuant to the provisions of these By Laws, the reasonable costs and expenses of preparation and litigation, including attorneys fees, shall be a Common Expense allocated to all Unit Owners.

Money judgments recovered by the Association in any action or proceeding brought hereunder, including costs, penalties or damages shall be deemed a special fund to be applied to (1) the payment of unpaid litigation expenses; (2) refunding to the Unit Owners the cost and expenses

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of litigation advanced by them; (3) Common Charges, if the recovery thereof was the purpose of the litigation; (4) repair or reconstruction of the Common Elements if recovery of damages to same was the motivation for litigation; and (5) any amount not applied to (1), (2), (3) and (4) above shall at the discretion of the Board be treated either as (i) common surplus which shall be allocated and distributed pursuant to the provisions of paragraph 6 of the Master Deed or as (ii) a setoff against Common Charges generally. Notwithstanding the foregoing, if a Unit Owner(s), the Board or any other person or legal entity affected by any such distribution, shall assert that the damages sustained or the diminution in value suffered by a Unit Owner(s) was disproportionate to his or their percentage of common interest, in which event, at the election of either the Association or the unit owner, the matter shall be submitted to binding arbitration to be decided in accordance with the procedures set forth by the American Arbitration Association.

All Common Charges received and to be received by the Board, for the purpose of paying any judgment obtained against the Association or the Board and the right to receive such funds, shall constitute trust funds which shall be expended first for such purposes before expending any part of the same for any other purpose.

In the event that a Unit Owner(s) succeeds in obtaining a judgment or order against the Association or the Board, then in addition to any other sums to which said Owner(s) would otherwise be entitled by such judgment or order, he or they shall also be entitled to the restitution or recovery of any sums paid to the Board as Common Charges for the litigation expenses in relation to said action or proceeding.

W. Power of Attorney to Institutional Lender. In the event the Board shall not cause the enforcement procedures provided above to be implemented within the time provided, any Institutional Lender for any Unit as to which there shall be such unpaid Common Expense assessments is hereby irrevocably granted a power of attorney to commence such actions and to invoke such other remedies, all in the name of the Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

X. Parking Spaces. To assign and designate certain parking spaces for the use of individual units and to reassign and redesignate such parking spaces as the Board deems necessary in its sole discretion. To adopt rules and regulations governing the use of all parking spaces, including the type, size and classification of vehicles permitted to use any space as well as the total number of vehicles which may be parked on the common elements on a permanent basis per unit. The Board shall maintain parking plans and an official parking spaces map showing the current parking space assignments. This map shall be available for inspection in the Association office during normal business hours. The Association shall, upon receipt of a written request, provide the current parking space location to owners who are in the process of conveying their units.

Y. Use of Recreation Facilities. To adopt rules and regulations and to regulate the use of the recreation facilities, including setting the hours of operation, determination of guest fees, the number of persons permitted, the private use by members and their guests, including the charging of fees and scheduling for such private use.

6.00 Damage to Buildings, Reconstruction, Sale: Obsolescence.

6.01 Damage. In the event of fire or other disaster or casualty resulting in damage to the buildings and/or common elements of the Condominium amounting to less than two-thirds of the value of the Condominium, the net proceeds of any insurance collected shall be made available for the purposes of repair, restoration, reconstruction or replacement. Where the insurance indemnity is insufficient to cover the cost of repair, reconstruction, restoration or replacement, the new buildings' costs shall be paid by all of the owners directly affected by the damage, in proportion to the fair market value of their respective dwelling units. If any owner shall refuse to make such payments, the Board

of Trustees shall levy an assessment in an amount proportionate to the fair market value of the dwelling units affected by the damage, the proceeds of such assessment being paid, with the insurance indemnity, to the Association for the purpose of covering the costs of repair and replacement. In the event any owner or owners shall fail to respond to the assessment by payment thereof within a reasonable time, the Association shall have authority to cause such repair, restoration or replacement or reconstruction to be accomplished and to charge the cost thereof, less any applicable insurance credits, to the owners of the units affected in the proportions mentioned. Such costs less any insurance credits, shall constitute a lien against the dwelling unit of such owner and may be enforced and collected in the same manner as all other liens as hereinbefore provided. The provisions of this Section may be changed by unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster or casualty occurred.

6.02 Total Destruction. In the event of a total destruction of the entire Condominium, or if the common elements are damaged or destroyed to more than two-thirds of the value of Condominium, the unit owners directly affected, may elect to reconstruct or replace the said buildings and common elements. In the event of an election to reconstruct or replace, payment of the costs thereof shall be made as provided in the preceding Section of this Article.

If the unit owners elect not to reconstruct or replace, the unit owners of the said condominium, with the consent of all of the mortgagees holding first mortgages on the dwelling units, may sell for cash or upon terms, the entire Condominium, provided 75 percent (75%) or more of the owners are in accord and so vote at a special or regular meeting of the said unit owners. In the event the election is made to sell, the covenants against partition contained in the Declaration of Restrictive and Protective Covenants, shall become null and void and said owner or owners shall be entitled to convey their interest in the Condominium and may invoke relief in a Court of Chancery to compel such a sale and partition against those owners who shall have refused to approve such a sale and partition.

All sums received from insurance shall be combined with the proceeds of sale of the Condominium. After providing for all attorney's fees in the event of any litigation necessary to compel any owner or owners to join in a conveyance of their interests in the Condominium, distribution of the combined funds shall be made to the owner or owners of the dwelling units in the said Condominium, in proportion to the fair market value of their respective dwelling units, subject only to the rights of outstanding mortgage holders.

Except as provided in this section, the common elements, both general and limited, shall remain undivided and shall not be the subject of an action for partition or division of the co-ownership.

6.03 Obsolescence. In the event the Board of Trustees shall determine that the existing buildings in the Condominium are obsolete, the Board, at any regular or special meeting of the unit owners, may call for a vote by the said unit owners to determine whether or not the entire Condominium should be placed on the market and sold. In the event 90 percent (90%) of the unit owners determine that the property should be sold, the applicable provisions of the preceding Section pertaining to sale of the property shall become effective.

In the event that the Board of Trustees shall determine that any of the community and recreational facilities and any other real or personal property of the Association are obsolete, the Board, at any regular or special meeting of the Members, may call for a vote by the Members to determine whether or not the said property should be demolished and replaced. In the event ninety (90%) percent of the Members shall determine that the said property should be demolished and replaced, the costs thereof shall be assessed against all of the Members of the Association in accordance with Article 13 hereof.

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7.00 Officers

7.01 Designation. The officers of the Association shall be President, Vice President, Secretary and Treasurer. The Secretary may be eligible to also hold the office of Treasurer. The President shall also be a Member of the Board of Trustees. The Board of Trustees may also appoint Assistant Secretaries and Assistant Treasurers as it may deem necessary. With the exception of developer appointed Trustees and officers, all officers must be Members of the Association.

7.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Trustees at the organizational meeting of each new Board and shall hold office until their successors are elected or appointed by the Board and qualify, provided that each officer shall hold office at the pleasure of the Board of Trustees and may be removed either with or without cause and his successor elected at any annual or special meeting of the Board called for such purpose, upon the affirmative vote of a majority of the Members of the Board.

7.03 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board of Trustees. He shall have the general power and duties usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees from among the Members from time to time as he may deem appropriate to assist in the conduct of the affairs of the Association. He shall execute such deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed and except when the signing and executing thereof shall be delegated by the Board of Trustees to another officer or agent of the Association.

7.04 Vice-President. The Vice President shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Trustees.

7.05 Secretary. The Secretary shall attend all meetings of the Board of Trustees and all meetings of the Members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose and shall perform like duties for any committees when required. He shall have charge of the minute books and such records and papers as the Board shall direct and perform all duties incident to the office of Secretary, including the sending of notices of meetings to the Members, the Board of Trustees and committees and such other duties as may be prescribed by the By Laws or by the Board of Trustees or the President. He shall also have custody of the corporate seal and when authorized by the Board, affix the same to any instrument requiring it and attest the same when appropriate.

7.06 Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Trustees. He shall disburse the funds of the Association as may from time to time be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Trustees, at the regular meetings of the Board or whenever they or either of them shall require, and account of his transactions as Treasurer and of the financial conditions of the Association.

7.07 Compensation of Officers. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursements for all expenses reasonably incurred in the discharge of their duties.

8.00 Indemnification of Officers and Directors. The Association shall indemnify every Trustee and Officer, his heirs, executors and

administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Trustee or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct in the performance of his duty as such Trustee or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Trustee or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses, provided, however, that nothing contained in this Article shall be deemed to obligate the Association to indemnify any Member or owner of a dwelling unit who is or has been a trustee or officer of the Association or as a Member or owner of a dwelling unit in the Condominium. Nothing contained herein to the contrary shall serve to exculpate Members of the Board of Trustees appointed by Sponsor from their fiduciary responsibilities.

9.00 Fiscal Year. The fiscal year of the Association shall begin on the first day of January in each year, unless changed by a vote of two-thirds (2/3) of the full membership of the Board of Trustees.

10.00 Corporate Seal. The corporate seal of the Association shall consist of two concentric circles between the circumferences of which shall be inscribed the name of the Association and within the circumferences of the inner circle the words "Incorporated, New Jersey" and the year of incorporation.

11.00 Amendments to Bylaws. These By Laws and the form of administration set forth herein may be amended from time to time by the affirmative vote of sixty-seven percent (67%) of the total number of votes of Members in the Association, within the limitations prescribed by law. No such modification shall be operative until it is embodied in a recorded instrument which shall be recorded in the Office of the Clerk of Somerset County in the same manner as the Master Deed and original By Laws.

12.00 Dissolution.

12.01 Procedure. In the event it is deemed advisable and for the benefit of the Members of the Association that the Association should be dissolved, the procedures concerning dissolution set forth in Chapter 1, Section 20, of Title 15 of the Revised Statutes of the State of New Jersey, entitled Corporations and Associations Not for Profit shall be followed.

12.02 Distribution of Assets. In the event of dissolution, the assets of the Association, after the payment of all debts including mortgages and other encumbrances, shall be distributed to the unit owners in proportion to the fair market value of their respective dwelling units.

13.00 Members Maintenance Fees. Maintenance, operating and reserve costs for the common elements and Association owned lands and facilities shall be computed on the basis of each unit owner paying 1/20th of the total operating budget of the Association. Should the actual number of units constructed differ from 20, the maintenance costs payment for each unit owner will be determined by a fraction, the numerator of which is 1, and the denominator of which is the actual number of units constructed multiplied by the total operating budget of the Association. However, these amounts shall be adjusted to reflect that owners of Affordable Condominiums pay 33 1/3% of the total individual unit assessment which would have been levied upon all condominium units in Vanderhaven Farm, Village I had such assessment been allocated equally to each and every condominium unit both market and affordable. Commencing upon the date upon which the terms and restrictions of the Affordable Housing Plan shall cease to be applicable to a specific Affordable Condominium, such Affordable Condominium shall be

assessed in the same manner as all other units which are not Affordable Condominiums. The budget shall provide the complete allocation of the total assessment collected from the unit owners without any unallocated surplus remaining.

14.00 Deposits Required. Upon conveyance of a dwelling unit by Sponsor to an initial purchaser of said dwelling unit, said dwelling unit owner shall deposit with the Association three (3) months estimated monthly Association assessments.

The aforesaid deposits shall be refunded to the unit owner (less any assessments currently owed) upon resale of the dwelling unit by him, upon the condition that a deposit in an amount equal to three (3) months current monthly Association assessments (excluding any assessments currently owed) is received from the purchaser of the particular dwelling unit. In the event said deposits are not received by the Association within thirty (30) days from the date of closing of title to such resale, the initial deposits shall be deemed credited to the account of the new owner. Nothing herein shall affect any unit owners obligation for the payment of any Association assessments, charges or liens. The Association shall place all such deposits in interest bearing accounts and the interest so earned shall be considered income available for general operating purposes of the Association.

15.00 Reserves. The Board shall not be obligated to expend all of the revenues in any accounting period, and must, by regular installment maintenance payment, rather than by special assessments, maintain reasonable and adequate reserves for, among other things, maintenance, repairs and replacement of those elements of the common property that must be replaced on a periodic basis, emergencies, contingencies for bad weather or uncollected accounts. Notwithstanding anything herein to the contrary, the Board, in its determination of the Common Expenses and the preparation of a budget, shall specifically designate and identify what portion of the Common Expenses to be assessed against the unit owners is allocable to reserves for each separate item of repair and improvements and the same shall be kept in interest bearing savings accounts appropriately earmarked for each category. Interest earned on such interest bearing accounts shall remain allocable to such reserves and shall not be available for general purposes of the Association. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of functions. The Board shall at the time of adoption of the budget for the ensuing year evaluate the adequacy of the Reserves and adopt a resolution stating that the reserves are sufficient for the purposes set forth in this Article.

16.00 Agreement for Professional Management. Any agreement for professional management of the Association, or any other contract providing for services of the Sponsor, may not exceed one (1) year. Any such agreement must provide for termination by either party (a) without cause and without payment of a termination fee on ninety (90) days or less written notice and (b) for cause upon thirty (30) days written notice.

17.00 Reservation of Amendment Rights. Regardless of any other provision of the By Laws, the Sponsor specifically reserves the right, at any time as long as the Sponsor retains title to any property thereunder, to amend the within By Laws of Vanderhaven Farm, Village I Condominium Association, Inc., and any amendments thereto, for the express purpose of qualifying the property hereunder for Federal National Mortgage Association and/or Federal Home Loan Mortgage Corporation mortgage financing programs or any other similar secondary mortgage lender or purchaser of mortgage loans on the secondary mortgage market so as long as such Amendment does not conflict with the New Jersey Condominium Act (N.J.S.A. 46:8B-1 et. seq.) or other applicable laws, regulations and statutes. Such amendment shall not require the approval of the unit owners. All costs associated with obtaining such approval shall be the sole obligation of the Sponsor.

The Sponsor hereby reserves the right to execute on behalf of all contract purchasers, unit owners, mortgagees, eligible mortgage holders, eligible insurers or guarantors, other lien holders or parties claiming a

While the Sponsor maintains a majority of the Board of Directors, it shall make no additions, alterations, improvements or purchases not contemplated in this Offering which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency. The Sponsor shall not be permitted to cast any votes held by him for unsold lots, parcels, units or interest for the purpose of amending the Master Deed, By Laws or any other document for the purpose of changing the permitted use of a lot, parcel, unit or interest, or for the purpose of reducing the common elements or facilities. However, Sponsor shall be permitted to cast such votes for all unsold units which have been submitted by Sponsor to the Condominium even prior to such units being issued a Certificate of Occupancy on all other matters.

18.00 Maintenance Program for Stormwater Management Facilities. The stormwater management facilities shall be maintained and operated by the Association in accordance with the "Basin Maintenance Schedule" annexed hereto as Exhibit 1.

In addition, there are two dam structures in the westerly portion of the site. They were classified by the New Jersey Department of Environmental Protection ("NJDEP") as Class III dams, which are defined as those dams, the failure of which would cause loss of the dam itself but little or no additional damage to other property.

Dams are currently regulated as provided in the New Jersey Administrative Code, 7:20-1.1. These regulations prescribe that certain inspections be conducted on a routine basis. Exhibit 2 annexed hereto identifies the types of inspection to be performed and the timing of such inspections. It shall be the responsibility of the Association to conduct such inspections and to keep itself current as to potential changes in the regulations. These inspections are subject to the cost sharing provisions referenced in paragraph 16.00 of the Master Deed.

BY-LAWS - INDEX

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PARAGRAPH	TITLE	PARAGRAPH	TITLE
1.00	Applicability, Member, Membership, Definition	5.02	Election
1.01	Purpose	5.03	Term
1.02	Members	5.04	Vacancies
1.03	Definition of Terms	5.05	Removal of Trustees
1.04	Rights of Members	5.06	First Organizational Meeting
2.00	Principal Office	5.07	Regular Meetings
3.00	Meetings of Members: Voting	5.08	Special Meetings
3.01	Place of Meeting	5.09	Notices and Waivers of Notice
3.02	Annual Meeting	5.10	Quorum
3.03	Notice of Annual Meetings	5.11	Powers & Duties
3.04	Special Meetings	6.00	Damage to Buildings, Reconstruction, Sale
3.05	Notice of Special Meetings	6.01	Obsolescence
3.06	List of Members	6.02	Damage
3.07	Voting	6.03	Total Destruction
3.08	Good Standing	6.03	Obsolescence
3.09	Quorum	7.00	Officers
3.10	Proxies/Absentee Ballots	7.01	Designation
3.11	Capital Expenditures	7.02	Election of Officers
3.12	Order of Business	7.03	President
4.00	Obligations of Members	7.04	Vice-President
4.01	Unit Maintenance	7.05	Secretary
4.02	Damage to Common Elements	7.06	Treasurer
4.03	Common Expense	7.07	Compensation of Officers
4.04	Time of Payment	8.00	Indemnification of Officers and Directors
4.05	Lien	9.00	Fiscal Year
4.06	Acceleration	10.00	Corporate Seal
4.07	Priority of Assessment	11.00	Amendments to Bylaws
4.08	Liability of Acquirer of Unit	12.00	Dissolution
4.09	Use of Units	12.01	Procedure
4.10	Access to Units	12.02	Distribution of Assets
4.11	Compliance with Rules	13.00	Members Maintenance Fees
4.12	Suspension of Rights	14.00	Deposits Required
4.13	Contribution to Capital	15.00	Reserves
5.00	Board of Trustees	16.00	Agreement for Professional Management
5.01	Number and Qualifications	17.00	Reservation of Amendment Rights
		18.00	Maintenance Program for Stormwater Management Facilities

BASIN MAINTENANCE SCHEDULE

The overall stormwater management concept for this project is vitally dependent upon the function of the detention basins located on the site. The basins were designed to operate under conditions that require regular active maintenance. In order to insure that the stormwater management facilities will continue to function properly after construction, the following schedule must be adhered to. It will be the responsibility of the homeowner's association to implement the following program.

1. Mowing - Basin bottoms, side slopes and maintenance access drives shall be mowed on a regular basis during the growing season.
2. Weed Control - During the growing season, weeds and other undesirable growth shall be removed from the basins, particularly from around outlet structures, headwalls, low flow channels, and rip rapped areas.
3. Outlet Works - All outlet control structures shall be inspected and cleaned as necessary or as directed by the Township Engineer. In order to insure that the basins will function properly, any silt and debris buildup must be removed from the bottom of the structures and the outfall pipes at least once a year. Trash racks must be inspected and cleaned or painted as necessary. Trash rack pivots must be replaced in the event they become inoperable.
4. Storm Sewers - All storm sewer inlets, manholes, pipes and outlets should be inspected yearly for accumulation of silts and debris. In the event that the accumulated material exceeds 10% of the pipe diameter it must be flushed out and disposed of.
5. Sediment Removal - Sediment traps have been designed at each basin outlet structure to handle a yearly amount of sediment and should be cleaned on an annual basis. At the time of sediment removal, other areas of the basins should be checked for sediment accumulation and cleaned if necessary. During construction, in any of the basin contributory areas, sediment must be removed from the traps as needed.
6. Debris Removal - On a bi-annual basis and following heavy storms, the basins should be inspected for accumulated debris and its status reported to the Township Engineer. This is necessary for safety, to prevent the blockage of outlet works, to limit the habitat for undesirable rodents and pests, and to maintain the overall aesthetics of the basins.

Exhibit 1

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7. General Inspection - Yearly, an inspection of each basin should be made to watch for any short term or long term changes that may affect the function and safety of the basins. Among the specific items that should be looked for and reported on to the Township Engineer for his evaluation are erosion of the side slopes, breaching of embankments, and deterioration of the headwalls and outlet works. Any erosion on the basin side slopes must be repaired and then reseeded in accordance with the state soil erosion standards. Breaching of embankments may be caused by animals, settlement or other factors. Deterioration of outlet structures may cause a basin failure to occur and result in property damage downstream. Due to all of the above concerns, any observed deficiencies must be reported to the Township Engineer and corrected immediately upon discovery. Other minor items such as displacement of rip-rap, deterioration of low flow channels, etc. should also be noted and repaired in a timely fashion.



JAN 16 1986

adams, rehmann & heggan

Reply To: _____

January 15, 1987

K. Hovnanian Companies of NJ
10 Highway 35
PO Box 500
Red Bank, NJ 07701

Attention: Ed Israelow

Re: Vanderhaven Farm
Maintenance Schedule and Dam Report Form

Dear Ed:

Enclosed is a copy of the revised Basin Maintenance Schedule and a copy of the Guide for Preparation of Report on Conditions of Dams. The report for the condition of the dams must be submitted after an inspection of the dams performed after the following schedule (NJAC 7:20 et seq).

1. Formal Inspection - this must be performed every six (6) years beginning with the year 1992. This inspection must be carried out by a N.J. Licensed Professional Engineer. The purpose of the inspection is to re-evaluate the safety and integrity of the dam and appurtenant structures to determine if the structure meets current design criteria. This inspection includes a field inspection and a review of the records on project design, construction and performance.
2. Regular Inspection - must be performed every two (2) years beginning in 1988 with the exception that no regular inspection is necessary during a formal inspection year. A visual inspection by a N.J. Licensed Professional Engineer is required to detect any signs of deterioration in material, developing weaknesses or unsafe hydraulic or structural behavior.
3. Informal Inspection - Must be carried out by the owner or operator every year that a formal or regular inspection is not performed. This is a visual inspection of the dam to detect apparent signs of deterioration or other deficiencies of the dam structure or function.

EXHIBIT 2

850 S. White Horse Pike, P.O. Box 579, Hammonton, NJ 08037, (609) 561-0482
2133 Route 33, Suite 3, Lexington Square, Hamilton Square, NJ 08690, (609) 587-3433

8855000

Each type of inspection must be performed in alternating seasons, beginning with season 2 (August through December) and alternating with season 1 (March through July). To assist in the implementation of this schedule, a list similar to the attached may be useful. At the completion of each inspection, the form attached to the Guide for Preparation of Report on Condition of Dams must be filled out and submitted to the New Jersey Department of Environmental Protection.

Please call me at your earliest convenience to discuss any changes or additional information that you may feel necessary.

Sincerely,

Timothy Ruga
Timothy Ruga

TR:jl

DAM INSPECTION SCHEDULE

<u>YEAR</u>	<u>SEASON*</u>	<u>TYPE</u>	<u>DATE COMPLETED</u>
1988	II	Regular	_____
1989	II	Informal	_____
1990	I	Regular	_____
1991	I	Informal	_____
1992	II	Formal	_____
1993	II	Informal	_____
1994	II	Regular	_____
1995	I	Informal	_____
1996	I	Regular	_____
1997	II	Informal	_____
1998	I	Formal	_____

* Season I - March through July
 Season II - August through December

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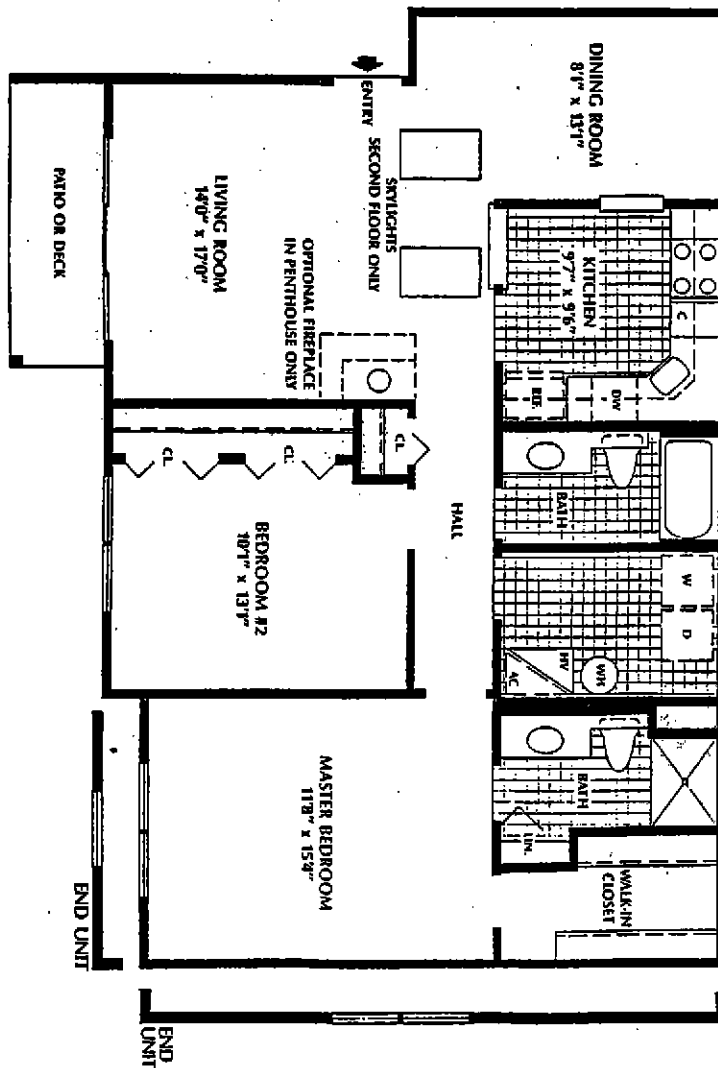
VHF

5100



2 BEDROOM
2 BATHS
1108 SQ. FT.

ALL DIMENSIONS ARE APPROXIMATE



5101



2 BEDROOM
2 BATH
1010 SQ. FT.

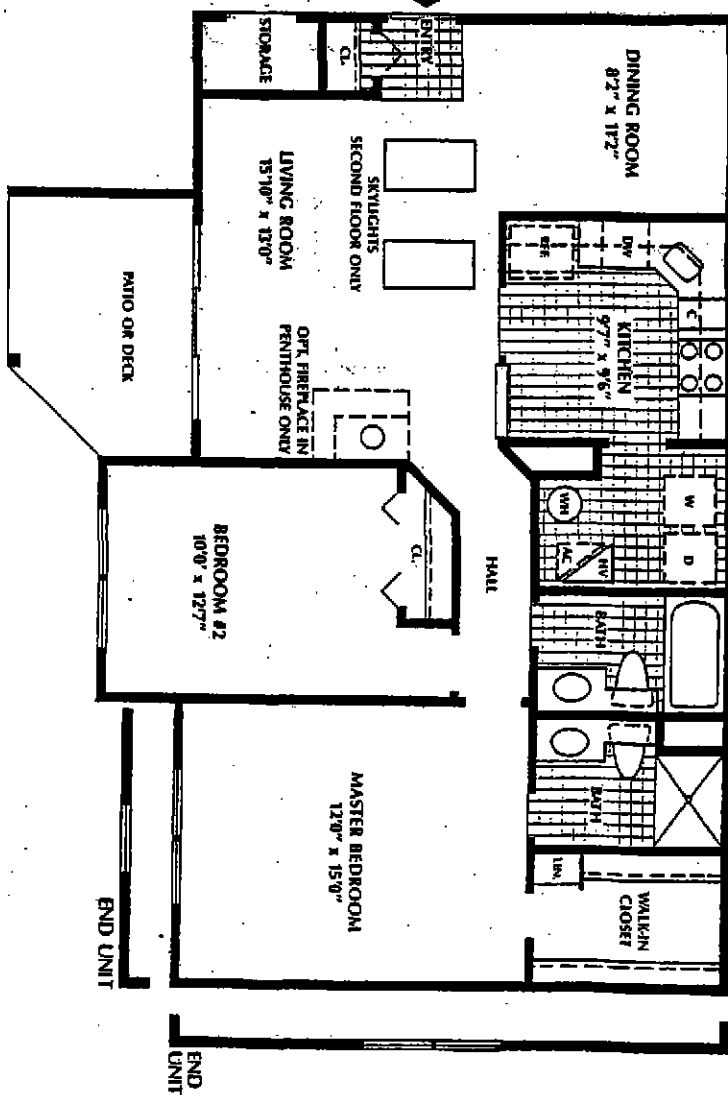


Exhibit G-2



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350

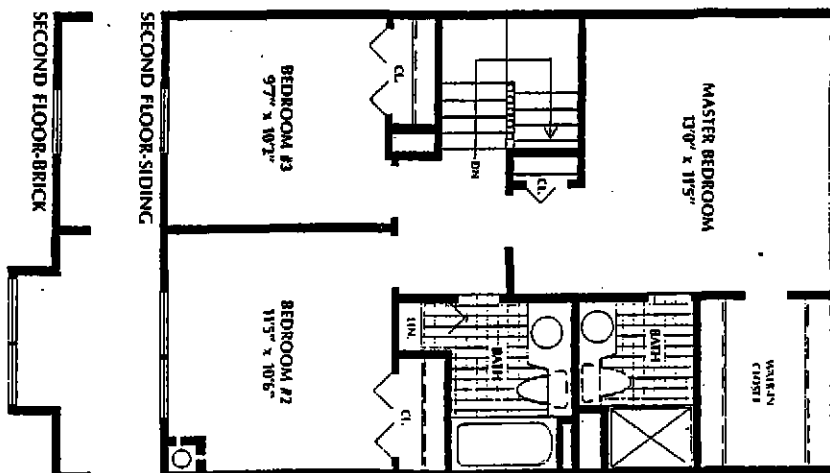
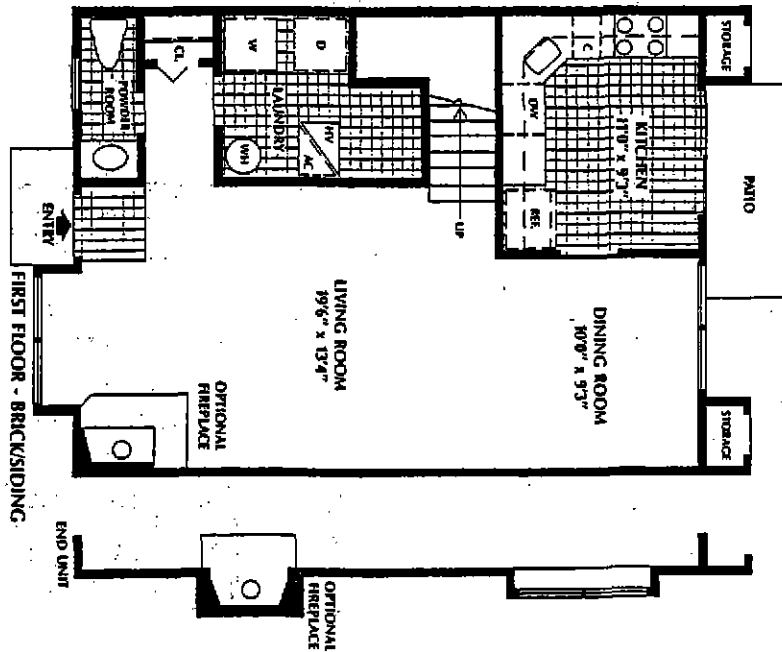


Exhibit G-3

600

3 BEDROOM
2 1/2 BATH
1571 SQ. FT.

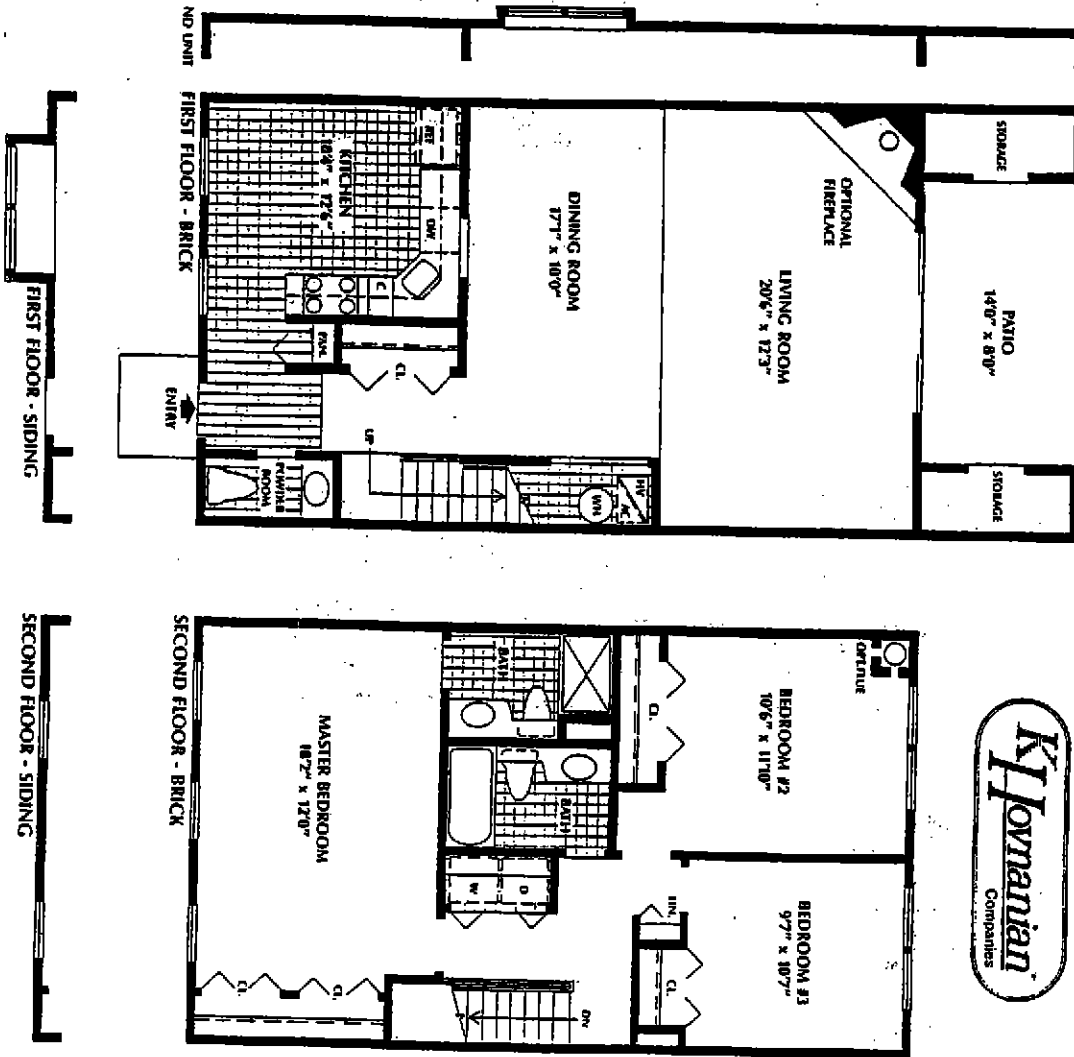


Exhibit G-4

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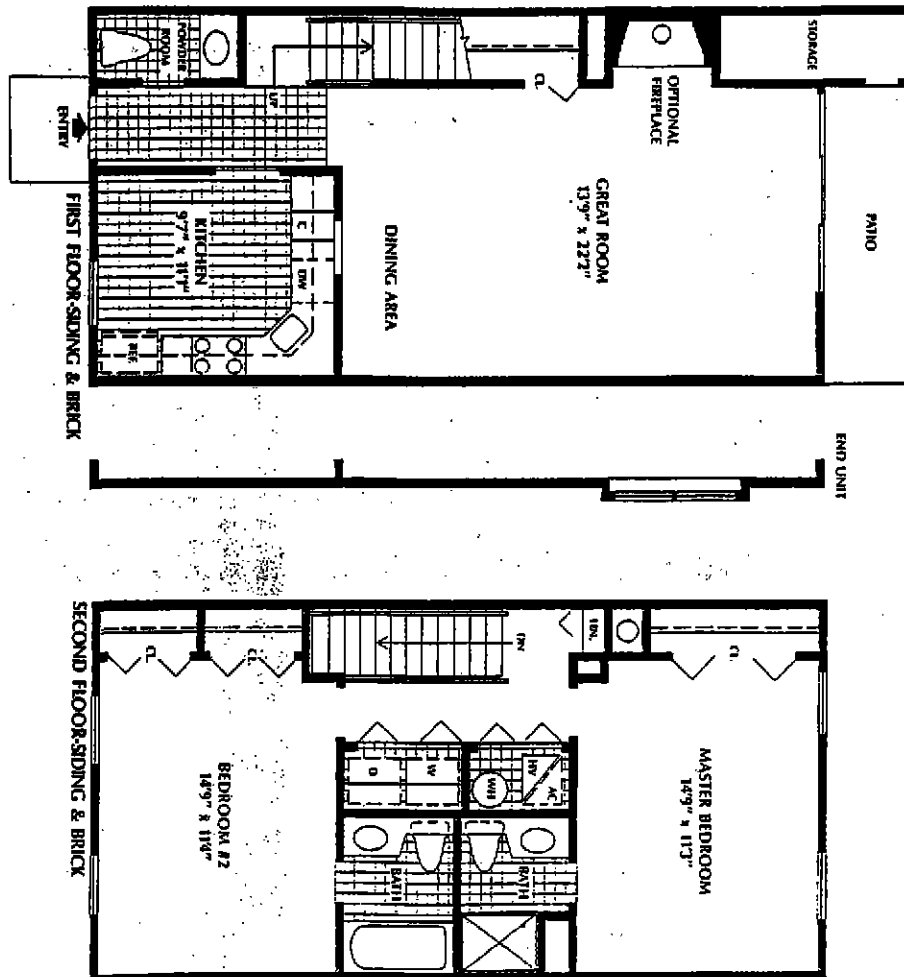
0072395-VHF

250



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2 1/2 BATH
1254 SQ. FT.

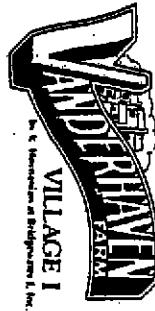
ALL DIMENSIONS ARE APPROXIMATE



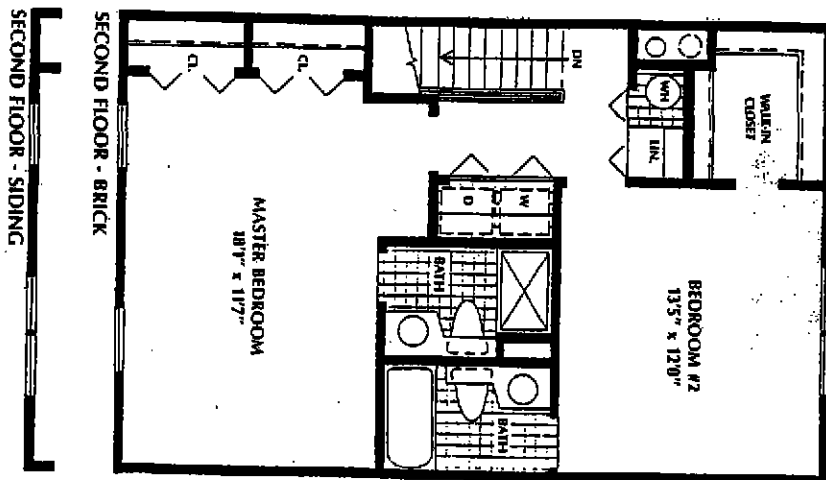
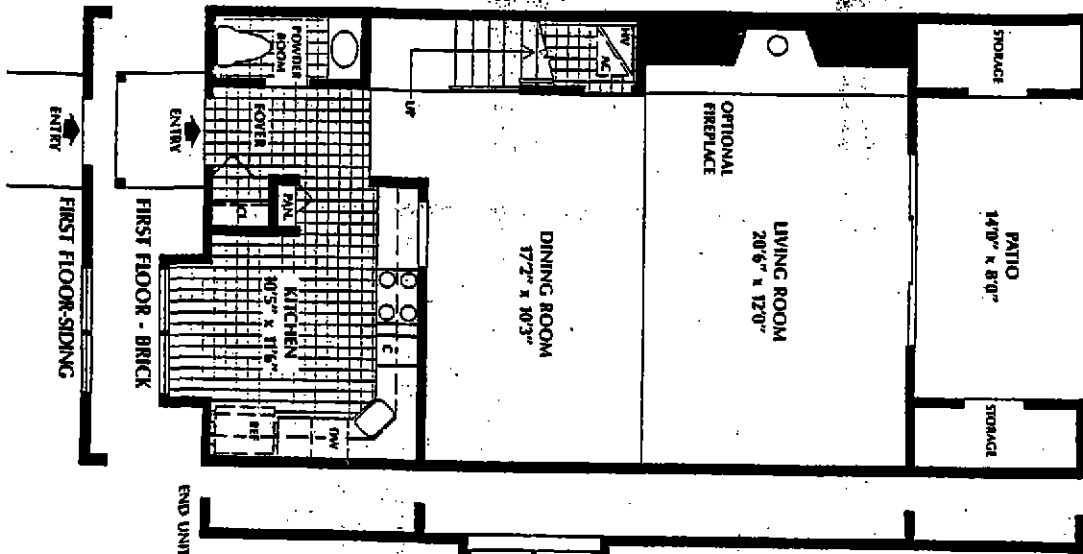
KJ Lorianian
COMPANIES



300



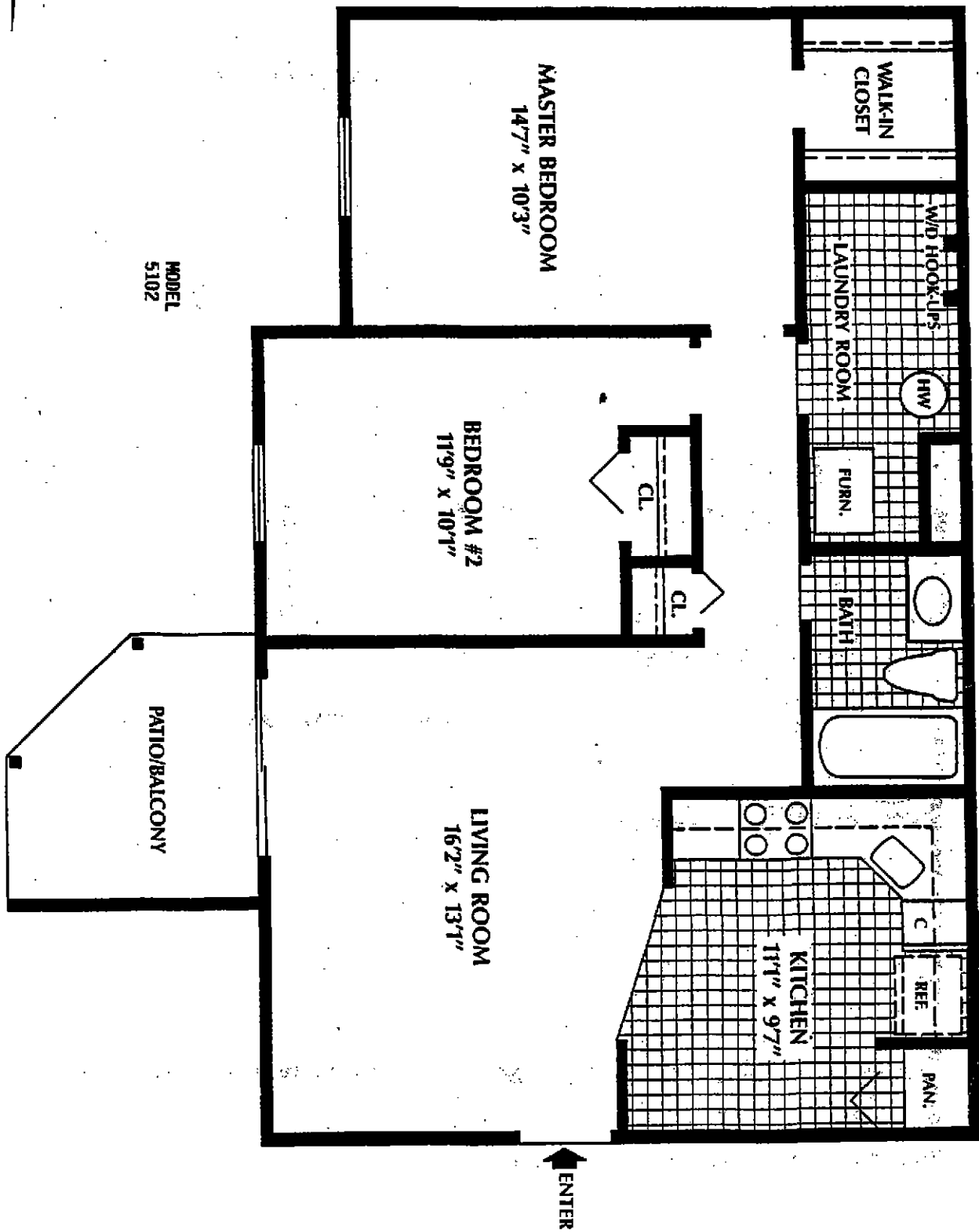
2 BEDROOM
2 1/2 BATH
1465 SQ. FT.



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Exhibit G-6

00000007 VHF



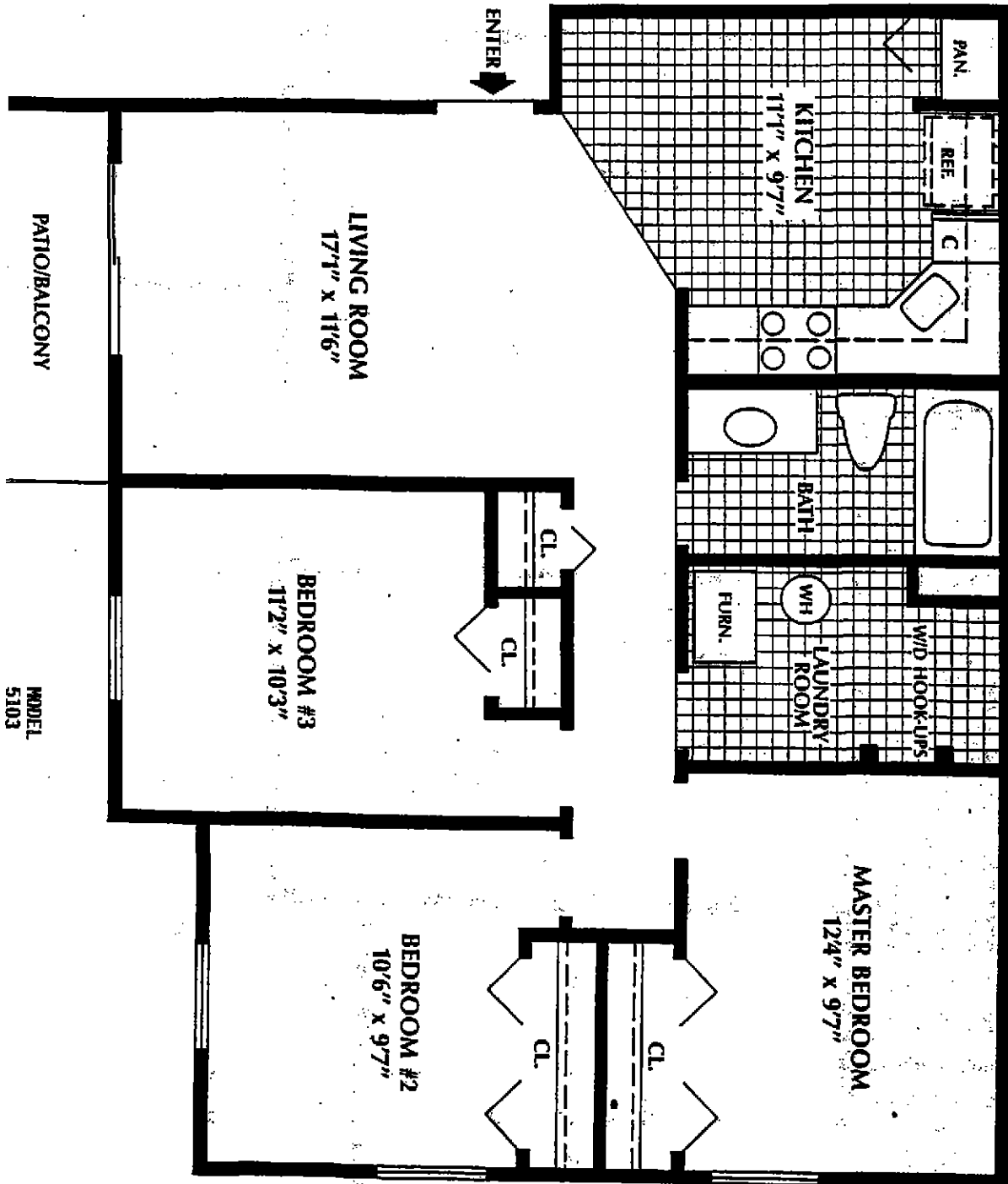


Exhibit G-8

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DRAFT #2/APRIL 6, 1987

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AFFORDABLE HOUSING PLAN

FOR

VANDERHAVEN FARM, VILLAGE I CONDOMINIUM

A RESIDENTIAL DEVELOPMENT OF

K. HOVNANIAN AT BRIDGEWATER I, INC.

PREPARED BY: _____

Edward A. Israelow
Attorney at Law of New Jersey
K. Hovnanian at Bridgewater I, Inc.

AFFORDABLE HOUSING PLAN
FOR
VANDERHAVEN FARM, VILLAGE I CONDOMINIUM

K. Hovnanian at Bridgewater I, Inc. will construct 35 moderate income condominiums and 34 low income condominiums within the proposed development known as Vanderhaven Farm, Village I. These units will be distributed throughout the development as described further in this plan.

1. Definitions. For purposes of this Affordable Housing Plan, the following terms shall be defined as follows:

1.01 AFFORDABLE:

(A) means that the initial sales prices of these Affordable Condominiums shall be established so that the ownership expenses for principal, interest, taxes, insurance and condominium fees, shall not exceed 28% of the upper income limit for low or moderate income households as the case may be. The initial pricing of the units shall also be calculated to reflect a ten (10%) percent downpayment of the purchase price.

(B) means that rental expenses, excluding utility charges, shall not exceed 30% of the upper income limit for low or moderate income households, as the case may be.

In determining expenses in terms of qualifying household size, a three person family shall be presumed to occupy a two bedroom unit and a five person family shall be presumed to occupy a three bedroom unit. The income limits for such families shall be determined by reference to the uncapped Section 8 HUD income limits for Somerset County. The sales or rental prices shall be reduced to create a range of affordability such that the actual sales price or rental charge of each category of home shall be ninety (90%) percent of the maximum price within each category.

1.02 AFFORDABLE CONDOMINIUM: A condominium at Vanderhaven Farm, Village I which has been designated as either a Low Income Condominium or a Moderate Income Condominium, as the applicable case may be, pursuant to this Affordable Housing Plan. This development will have four categories of Affordable Condominiums: 2 bedroom Low Income Condominium (24 units); 2

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bedroom Moderate Income Condominium (24 units); 3 bedroom Low Income Condominium (10 units); and 3 bedroom Moderate Income Condominium (11 units). There will be a separate and fixed initial sales price for each category of Affordable Condominium, regardless of the actual size of the family which purchases or rents an Affordable Condominium and regardless of the specific mortgage obtained by any individual purchaser.

1.03 AGENCY: The Director of Human Resources of the Department of Planning of the Township of Bridgewater or similar person or entity to be created by the Township of Bridgewater.

1.04 ASSESSMENTS: Shall mean and refer to levies, charges or assessments both public and private, including those imposed by the Association, as the applicable case may be, upon the condominium units which are part of the Association.

1.05 ASSOCIATION: Vanderhaven Farm, Village I Condominium Association, Inc., its successors and assigns as same is defined in the Master Deed and Declaration of Restrictive and Protective Covenants.

1.06 FAMILY: Shall mean all persons living as a single non-profit housekeeping unit whether or not same are related by blood, marriage or otherwise. Family shall also be synonymous with "Household".

1.07 FIRST PURCHASE MONEY MORTGAGE: Shall mean and refer to the most senior mortgage lien to secure repayment of funds for the purchase of an Affordable Condominium or the holder and assigns of such most senior mortgage holder. Such mortgagee must be an institutional lender or investor, licensed or regulated by a State or Federal government or an agency thereof.

1.08 FORECLOSURE: Shall mean and refer to a termination of all rights of the mortgagor or the mortgagor's assigns or grantees in an Affordable Condominium covered by a recorded mortgage through legal processes, or through a Deed in Lieu of Foreclosure which has been executed and delivered prior to a judicially-regulated sale. Foreclosure shall not take place before the exhaustion of remedies as set forth in this Plan.

1.09 GROSS AGGREGATE FAMILY INCOME: Gross Aggregate Family Income means the total annual Income from all sources of all members of the Household or Family, as determined and adjusted in accordance with the rules and regulations promulgated by the Agency.

1.10 IMPROVEMENT: Shall mean and refer to additions within an Affordable Condominium, including materials, supplies, appliances or fixtures which become a permanent part of, or affixed to, an Affordable Condominium.

1.11 INCOME: Shall mean and refer to all income, from all sources, such as compensation for services, interest, rents, dividends, pension benefits and government benefits.

1.12 LOW INCOME CONDOMINIUM: A Unit which is Affordable to a Low Income Family.

1.13 LOW INCOME FAMILY: A Family whose Gross Aggregate Family Income does not exceed the Income limits established by the Code of the Township of Bridgewater and the Agency. The Agency shall, from time to time, determine the Income standards to be applied to any specific Family seeking to purchase a Low Income Condominium. The Agency shall qualify prospective purchasers of the Low Income Condominiums as Low Income Families prior to selling a Low Income Condominium to the prospective purchaser, except as otherwise provided herein.

1.14 LOW INCOME PURCHASER: A Low Income Family purchasing a Low Income Condominium.

1.15 LOWER INCOME CONDOMINIUM: Same as an Affordable Condominium.

1.16 LOWER INCOME FAMILY: A Family which is either a Low Income Family or a Moderate Income Family, as the case may be.

1.17 LOWER INCOME PURCHASER: A purchaser of an Affordable Condominium which is either a Low Income Purchaser or a Moderate Income Purchaser as the case may be.

1.18 MARKET CONDOMINIUM: Any condominium in Vanderhaven Farm, Village I which is not designated an Affordable Condominium.

1.19 MASTER DEED: The Master Deed and Declaration of Restrictive and Protective Covenants, including By-Laws, and Rules and Regulations for Vanderhaven Farm, Village I, to be recorded in the Office of the Clerk of Somerset County, and any proper amendments thereto.

1.20 MODERATE INCOME CONDOMINIUM: A Unit which is Affordable to a Moderate Income Family. Nothing in this Affordable Housing Plan shall prohibit K. Hovnanian at Bridgewater I, Inc. or subsequent owners of a Moderate Income Condominium from selling a Moderate Income Condominium to a Low Income

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Family, however, the sales price of the Moderate Income Condominium need remain Affordable only to Moderate Income Families.

1.21 MODERATE INCOME FAMILY: A Family whose Gross Aggregate Family Income does not exceed the Income limits established by the Code of the Township of Bridgewater and the Agency. The Agency shall, from time to time, determine the Income standards to be applied to any specific Family seeking to purchase a Moderate Income Condominium. The Affordable Housing Agency shall qualify prospective purchasers of a Moderate Income Condominium as Moderate Income Families prior to selling a Moderate Income Condominium to the prospective purchaser, except as otherwise provided herein.

1.22 MODERATE INCOME PURCHASER: A Moderate Income Family purchasing a Moderate Income Condominium.

1.23 OWNER: The then current title holder of record of an Affordable Condominium. Owner shall refer to and mean the title holder of record as same is reflected in the most recently dated and recorded deed for a particular Affordable Condominium. For purposes of the initial sales of the Affordable Condominiums, Owner shall include K. Hovnanian at Bridgewater I, Inc. Ownership of a Condominium Unit shall be deemed to be acceptance and ratification of this Affordable Housing Plan and all its provisions. Where appropriate, the term Owner shall also mean and refer to a person who occupies a Unit as a tenant, lessee or contract purchaser.

1.24 QUALIFIED PURCHASER: Shall mean and refer to a person who, pursuant to this Plan, (1) submits an Application for Certification as a Qualified Purchaser to the Agency; (2) whose Gross Aggregate Family Income at the time of issuance of certification as a Qualified Purchaser of an Affordable Condominium is within Low or Moderate Income Levels, as these Income Levels are defined herein; and (3) who obtains Certification in recordable form as a Qualified Purchaser of an Affordable Condominium from the Agency pursuant to the rules and regulations of the Agency. Once a Qualified Purchaser becomes an Owner of an Affordable Condominium in accordance with the provisions of this Plan, any increase or decrease in the Gross Aggregate Family Income of such Owner shall not affect ownership rights, privileges or obligations of such Owner. The term "Qualified Purchaser" shall also include a person or family who occupies the Unit on a rental basis, subject

to the qualifications and conditions stated above and elsewhere herein. Any person who submits false information in support of an application for certification and who subsequently receives such certification and either title to a Unit as Owner or possession of a Unit as tenant shall be deemed to have violated the provisions of this Plan and any interest in such unit shall be subject to forfeiture pursuant to the provisions of Paragraph 10 of this Plan.

1.25 REGION: "Area" or "Region" for purposes of determining the Income Limits for a particular family size shall be Somerset County, State of New Jersey.

1.26 UNIT: Shall mean and refer to an Affordable Condominium or a Market Condominium, as the case may be. It shall be synonymous with "Condominium Unit".

2. Part of Association. The Affordable Condominiums will be located within Vanderhaven Farm, Village I and shall be a part of the Association, and be subject to the same rules and regulations and entitled to the same rights and privileges as any and all other Units within the Association.

3. Floor Plans. The Affordable Condominiums shall consist of at least the floor plans described as follows:

- A. Model 5102 (2 bedroom) - Exhibit A; and
- B. Model 5103 (3 bedroom) - Exhibit B.

The Affordable Condominiums actually constructed will be substantially similar to those shown in Exhibits A and B. K. Hovnanian at Bridgewater I, Inc. shall have the right to add additional or modify floor plans so long as they meet the criteria and provisions set forth in this Affordable Housing Plan and the Agency is notified in writing of any modification involving a change in the number of bedrooms within the unit.

4. Location. K. Hovnanian at Bridgewater I, Inc. shall sell or rent a total of 69 Affordable Condominiums to Lower Income Families, 35 Units to Moderate Income Families and 34 Units to Low Income Families, in accordance

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with the provisions of this Affordable Housing Plan. The building, unit, model type, block and lot of each of these 69 Affordable Condominiums is contained in Exhibit C of this Plan.

5. Master Deed Provisions: Part of Plan; Duration; Amendment. The Master Deed and Declaration of Restrictive and Protective Covenants for the Condominium Association shall include the following section which specifically addresses Affordable Condominiums and the restrictions on resale of said Condominiums which shall be imposed upon their Owners, the terms of which shall also be a part of and incorporated into this Affordable Housing Plan.

Vanderhaven Farm, Village I, ultimately to be comprised of a total of 345 residential dwellings, includes 69 residential dwellings known as Affordable Condominiums which are subject to an Affordable Housing Plan which is recorded as a separate instrument. The Affordable Housing Plan was a condition of approval imposed upon K. Hovnanian at Bridgewater I, Inc. by the Planning Board of the Township of Bridgewater in connection with the application for development of Vanderhaven Farm, Village I. The Township of Bridgewater imposed this requirement upon K. Hovnanian at Bridgewater I, Inc. in an effort to satisfy a portion of the Township's constitutional obligation to make affordable housing available within the Township. Purchasers of Affordable Condominiums may not sell their Units on resale for a purchase price greater than the original purchase price increased by the percentage increase of the Metropolitan New York Regional Consumer Price Index for Housing of The Department of Labor ("CPI") or other equivalent index established by the Township of Bridgewater. Purchasers of Affordable Condominiums also may not sell or rent their Units on resale to a person other than one qualifying as a family of low or moderate income as the applicable case may be and in compliance with all rules, regulations and requirements duly promulgated by the Township of Bridgewater. It is the intent and purpose that these Affordable Condominiums be and remain Affordable Condominiums which are affordable to Lower Income Families in accordance with the provisions of the Affordable Housing Plan.

In addition to the foregoing restrictions, the resale of Affordable Condominiums shall be subject to the rules and regulations of the Bridgewater Township Housing Advisory Board and the Director of Human Resources of the Department of Planning ("Agency") which has

been established by the Township of Bridgewater. This Agency shall monitor and approve resales and rentals of Affordable Condominiums to assure that purchasers or tenants of same shall be Lower Income Purchasers as defined by the Agency's Income criteria in effect at the time of the proposed resale. The Agency, however, shall approve any resale of an Affordable Condominium so long as the purchase price as required in the contract of sale and the Deed conveying Title to the new Buyer is not greater than the original purchase price increased by the percentage increase of the CPI as defined above, provided, however that the resale price may exceed the foregoing if a greater sum is required to pay off and discharge the existing First Purchase Money Mortgage.

Every purchaser or tenant of an Affordable Condominium shall use it for their own primary residence and shall certify on a form prescribed by the Agency that he is acquiring or leasing the unit as his or her family's primary place of residence. Purchasers or tenants may lease or sublet such units only to persons eligible therefor and at rent levels not exceeding those established by the Director and only with the prior written approval of the Director.

Owners of Affordable Condominiums may add amenities or Improvements to such Units, however, the effect of these Improvements may not increase the resale price of the Unit beyond amounts which are considered by the Agency to be Affordable to Lower Income Purchasers. In the event that such amenities or Improvements are installed, however, the resale price of Affordable Condominiums shall nevertheless be restricted by the Agency in accordance with the foregoing standards.

The Agency may grant exceptions to the sales and rent ceilings established herein when extraordinary circumstances associated with lower income units make such ceiling impracticable or otherwise inappropriate.

Owners of Affordable Condominiums shall maintain them in accordance with the standards of the Market Condominiums within the development. Failure to do so shall permit Vanderhaven Farm, Village I Condominium Association to do so at the cost and expense of the Owner of the Affordable Condominium, and the Association shall have a lien on the Unit for the recovery of all sums expended for such purpose as provided for in the Declaration of Covenants and Restrictions for Vanderhaven Farm, Village I. Other than the sums described in the immediately preceding sentence, any and all Assessments by the Association upon any Affordable Condominium shall be limited to 33 1/3% of the total individual unit Assessment which would have been levied upon all Condominium Units in

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Vanderhaven Farm, Village I had such Assessment been allocated equally to each and every Condominium Unit both Market and Affordable. Commencing upon the date upon which the provisions of this Plan expire or terminate as to a particular Affordable Condominium, that Affordable Condominium shall be assessed and shall pay assessments in the same manner as a Market Unit. At no time shall the Association levy an Assessment upon an Affordable Condominium for an Association expense for which Market Condominiums are not also being assessed, except as may be provided in the Affordable Housing Plan.

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Owners of Affordable Condominiums shall not convey title to or by lease or otherwise, deliver possession of the Affordable Condominiums other than in accordance with the Affordable Housing Plan and Agency regulations. The Association shall have no responsibility whatsoever for implementing, monitoring, enforcing or supervising the Affordable Housing Plan.

The fair market value of the Affordable Condominiums in the event that the Association elects not to rebuild, with respect to Paragraph 5.23 of the Master Deed entitled "Restoration and Replacement of Condominium in Event of Fire, Casualty or Obsolescence", and the provisions of paragraph 6.00 of the By-Laws, shall be determined in accordance with the provisions of this Plan and shall be limited to the purchase price paid for the Affordable Condominium by the Owner increased by a percentage increase based upon the CPI increase as defined above. The Association shall carry insurance coverage upon the Affordable Condominiums equal to the replacement cost of such unit in the event of total destruction and such units shall be rebuilt and replaced and subject to the provisions of this Plan in the event the Association elects to rebuild. If the Association elects not to rebuild and dissolve as provided in the Master Deed, then the 69 Affordable Condominiums shall be forever released from the restrictions and requirements of the Affordable Housing Plan.

The terms, restrictions, provisions and covenants of the Affordable Housing Plan, and the provisions of the Master Deed referring to and incorporating the Affordable Housing Plan, shall automatically expire and terminate at the earliest of the following: (1) thirty (30) years from the date the Affordable Housing Plan is recorded; (2) the date upon which the right of redemption expires with respect to the Foreclosure of the First Purchase Money Mortgage lien upon an Affordable Condominium by the first mortgagee of the Affordable Condominium as the Plan applies to the specific unit which is subjected to a foreclosure pursuant to this provision; or (3) the date upon which the Vanderhaven Farm, Village I Condominium Association, Inc. is dissolved or ceases to exist for any reason.

Neither the Developer, the Owner, the Association nor the Agency shall amend or alter the provisions of this paragraph, or the provisions of the Affordable Housing Plan without first obtaining the approval of both the Agency and the Township of Bridgewater. Any such approved amendments or modifications of this Plan shall be in writing and shall contain proof of Township approval and shall not be effective unless and until recorded with the Somerset County Clerk.

6. Affordable Housing Agency. The Township of Bridgewater has by Ordinance designated the Director of Human Resources of the Department of Planning to administer the provisions of this Affordable Housing Plan to original purchasers, and to structure and enforce the mechanism and criteria for the determination of who are Lower Income Purchasers constituting Qualified Purchasers at time of resale and for determining the allowable resale and rental prices of Affordable Condominiums.

7. Deeds of Conveyance Provisions. The deeds of conveyance from K. Hovnanian at Bridgewater I, Inc. to the purchasers of Affordable Condominiums shall include the following clause:

The Owner's right, title and interest in this unit and the use, sale and resale of this property are subject to the terms, conditions, restrictions, limitations and provisions as set forth in the "Affordable Housing Plan for Vanderhaven Farm, Village I Condominium" dated _____ which plan was filed in the Office of the Clerk of Somerset County in Deed Book _____ at Page _____ on _____ and is on file with the Bridgewater Township Clerk.

The above clause shall be in addition to the clause stating that the Unit is subject to the provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Vanderhaven Farm, Village I Condominium, which clause will also appear in the deeds for all Units in this development.

8. Statement of Exemption - Affordable Condominiums. An owner, including K. Hovnanian at Bridgewater I, Inc., shall offer lower-income units for rental or sale through the Agency for no less than twenty (20) working days

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in the case of rental, for no less than sixty (60) working days in the case of sale from the date it becomes available for rental and occupancy or for purchase, as the case may be. If during such time period, an eligible household has not executed a binding contract to rent or purchase meeting the terms upon which the unit could have been offered for pursuant to the terms of this Plan, the owner may rent or sell a low-income unit to a moderate-income purchaser or, if none is available, to any interested purchaser, and may rent or sell a moderate-income unit to any interested purchaser. Notwithstanding such sale or rental, the sales and rent controls established herein shall continue to apply.

To permit the sale, resale or rental of an Affordable Condominium under this section, the Agency shall issue a Statement of Exemption in recordable form to the Owner or K. Hovnanian at Bridgewater I, Inc. as the case may be, desiring to sell, resell or rent the Affordable Condominium. A copy of the Statement of Exemption shall be given to the purchaser at the time of closing of title or to the tenant prior to occupancy. The Statement of Exemption shall deem such purchaser to be a Lower Income Family Qualified Purchaser for purposes of any subsequent resale. A Statement of Exemption issued pursuant to this section shall exempt only the specific sale, resale or rental transaction for which it was issued. Such Statement of Exemption shall be valid according to the terms and conditions, and for such period of time, as specified by the Agency. Any person occupying an Affordable Condominium pursuant to a Statement of Exemption shall take title and/or possession to the Affordable Condominium subject to the same terms, restrictions, conditions and provisions of this Affordable Housing Plan applicable to Affordable Condominiums including those addressing use, occupancy, improvements and resale as though such purchaser or tenant were in fact a Lower Income Purchaser.

Nothing shall preclude the Agency from purchasing the Affordable Condominium and holding, renting or conveying it to a Lower Income Family if such right is exercised prior to the Owner signing a valid contract to sell such Affordable Condominium to a Lower Income Family.

9. Exempt Transactions. The following transactions shall be deemed "non-sales" for purposes of this Affordable Housing Plan and the Owner receiving title by virtue of any of the following transactions shall be entitled to receive from the Agency and the Agency shall issue a Statement of Exemption to the Owner receiving title by virtue of any of the following transactions:

- (a) Transfer of Ownership of an Affordable Condominium between husband and wife;
- (b) Transfer of Ownership of an Affordable Condominium between former spouses ordered as a result of a judicial decree of divorce, (and not including sales to third parties);
- (c) Transfer of Ownership of an Affordable Condominium between family members as a result of inheritance;
- (d) Transfer of Ownership of an Affordable Condominium through an Executor's Deed to any Person;
- (e) Transfer of Ownership of an Affordable Condominium through an Order of the Superior Court or other court.

Such transfer of ownership shall neither extinguish the restrictions and applicability of this Affordable Housing Plan to such Affordable Condominium nor terminate any liens set forth under this Plan. Liens in favor of the Agency must be satisfied in full prior to the subsequent resale of the Affordable Condominium and all such subsequent resales are fully subject to the terms and provisions of this Affordable Housing Plan.

10. Violation of Plan. The interest of any Owner may, at the option of the Agency, be subject to forfeiture in the event of substantial breach of any of the terms, restrictions and provisions of this Plan which remains uncured for a period of sixty (60) days after service of a written notice of violation upon the Owner by the Agency. The notice of violation shall specify the particular infraction and shall advise the Owner that his or her interest may be subject to forfeiture if such infraction is not cured within sixty (60) days of receipt of the notice. The provisions of this paragraph may be enforced by the Agency by court action seeking a judgment which would result in the termination of the Owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any judgment shall be enforceable as if same were a judgment of default of the

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First Purchase Money Mortgage and shall constitute a lien against the Affordable Condominium. Such judgment shall be enforceable at the option of the Agency, by means of an execution sale by the Sheriff at which the Affordable Condominium of the violating Owner shall be sold at a sales price which is not less than the amount necessary to fully satisfy and payoff any First Purchase Money Mortgage and prior liens and costs of the enforcement proceedings including attorney's fees. The violating Owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's Sale.

The proceeds of the Sheriff's Sale shall first be applied to satisfy the First Purchase Money Mortgage lien and any prior liens upon the Affordable Condominium. The excess, if any, shall be applied to reimburse the Agency for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's Sale. In the event that the proceeds from the Sheriff's Sale are insufficient to reimburse the Agency in full as aforesaid, the violating Owner shall be personally responsible for such deficiency, in addition to any and all costs incurred by the Agency in connection with collecting such deficiency. In the event of a surplus, the balance if any, shall be placed in escrow by the Agency for the Owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the Owner shall make a claim with the Agency for such. Failure of the Owner to claim such balance within the two year period shall automatically result in a forfeiture of such balance to the Agency. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the Agency whether such balance shall be paid to the Owner or forfeited to the Agency. The Agency is hereby given a first priority lien to such unclaimed funds which is perfected by the recording of this plan, subject only to the right of the Owner to claim such funds as described above.

Title shall be conveyed to the purchaser at the Sheriff's Sale subject to the restrictions and provisions of the Affordable Housing Plan. The Owner determined to be in violation of the provisions of this Plan and from whom title and possession were taken by means of the Sheriff's Sale shall

not be entitled to any right of redemption. If there are no bidders at the Sheriff's Sale, or if insufficient amounts are bid to satisfy the First Purchase Money Mortgage and any prior liens, the Agency may acquire title to the Affordable Condominium by satisfying or assuming the First Purchase Money Mortgage if such mortgage is assumable and any prior liens and crediting the violating Owner with an amount equal to the difference between the First Purchase Money Mortgage and any prior liens and costs of the enforcement proceedings including legal fees and the maximum sales price for which the Affordable Condominium could have been sold under the terms of this Affordable Housing Plan. This excess shall be treated in the same manner as the excess which would have been realized from a sheriff's sale as previously described.

Failure of the Affordable Condominium to be either sold at the Sheriff's Sale or acquired by the Agency shall obligate the Owner to accept an offer to purchase from any Qualified Purchaser, which may be referred to the Owner by the Agency, with such offer to purchase being equal to the maximum sales price of the Affordable Condominium as permitted by the terms and provisions of this Affordable Housing Plan. The Owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of this Plan until such time as title is conveyed from the Owner.

11. Covenants Running With Land. The provisions of this Affordable Housing Plan shall constitute covenants running with the land with respect to each Affordable Condominium affected hereby, and shall bind all purchasers of each such Unit, their heirs, assigns and all persons claiming by, through or under their heirs, executors, administrators and assigns. The terms, restrictions and covenants of this Plan shall, however, automatically expire and terminate at the earliest of the following: (1) thirty (30) years from the date this Affordable Housing Plan is recorded; (2) the date upon which the event set forth in paragraph 12 hereinafter shall occur; or (3) the date upon which the Association dissolves or ceases to exist for any reason.

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12. Effect of Foreclosure. Any Affordable Condominium which is acquired by a First Purchase Money Mortgagee by deed in lieu of foreclosure, or by any purchaser at a mortgage foreclosure sale conducted by the holder of the First Purchase Money Mortgage (including the First Purchase Money Mortgagee but excepting the defaulting mortgagor) shall be permanently released from the restrictions and covenants of this Plan and all resale restrictions shall cease to be effective as to the First Purchase Money Mortgagee and all subsequent purchasers and mortgagees of that particular unit (except for the defaulting mortgagor, who shall be forever subject to the resale restrictions of this plan with respect to the unit owned by him at the time of his default). Execution or foreclosure sales by any creditor other than the holder of the First Purchase Money Mortgage shall not result in a release of the unit from the provisions of this Plan.

13. Obligations of Owners. Any Owner of an Affordable Condominium shall notify the Agency within ten (10) days in writing of any default in the performance by the Owner of any obligation under either the Master Deed and Bylaws of the Association including the failure to pay any lawful and proper Assessment by the Association, or any mortgage, or other lien, against the Affordable Condominium which is not cured within sixty (60) days of the date upon which the default first occurs.

The Owner of an Affordable Condominium shall keep the unit in good repair and shall not commit waste thereon.

The Owner shall pay all taxes and public Assessments and Assessments by the Association levied upon or assessed against the Unit, or any part thereof, as and when the same become due and before penalties accrue.

This Affordable Condominium is part of a condominium together with appurtenances thereto. The Owner shall further fully comply with all of the terms, covenants and conditions of said Master Deed, as well as fully comply with all terms, conditions and restrictions of this Affordable Housing Plan.

14. Agency's Right to Cure. The Agency may, at its sole option and discretion, advance and pay all sums necessary to protect, preserve and

retain the Unit as an Affordable Condominium subject to the terms of this plan. All sums so advanced and paid by the Agency shall become a lien against such Unit and shall have a priority higher than any lien except the First Purchase Money Mortgage lien and liens by duly authorized government agencies, such lien and priority being perfected by the recording of this Plan. Such sums may include, but are not limited to, insurance premiums, taxes, assessments (public or private) mortgage payments and liens which may be or become prior and senior to any First Purchase Money Mortgage as a lien on the Unit, or any part thereof. In the event any mortgagee or other creditor of an Owner of an Affordable Condominium exercises its contractual or legal remedies available in the event of default or nonpayment by the Owner of an Affordable Condominium, the Owner shall notify the Agency in writing within 10 days of such exercise by the mortgagee or creditor and no later than 10 days after service of any summons and complaint and the Agency shall have the option to purchase, redeem, or cure any default upon such terms and conditions as may be agreeable to all parties in interest and/or to acquire the Mortgage to the Unit, thereby, replacing and stepping into the same priority status as that Mortgagee as the Mortgagee of the Unit. The Agency shall have the same priority of lien as was held by the replaced Mortgagee at the time the Agency acquires such Mortgage, and shall have the right of subrogation, with respect to any other claim or lien it satisfies or acquires.

15. Provisions for First Purchase Money Mortgagees. The terms and restrictions of this Affordable Housing Plan shall be subordinate only to the First Purchase Money Mortgage lien on any Affordable Condominium and in no way shall impair the First Purchase Money Mortgagee's ability to exercise the contract remedies available to it in the event of default as such remedies are set forth in the First Purchase Money Mortgage documents for the unit. All other classes of creditors and liens shall be subject to and bound by the terms of this Plan and shall have a lower priority lien than the Agency. So long as the First Purchase Money Mortgage is not sold to the Federal National Mortgage Association or in the secondary mortgage market, the First Purchase Money Mortgagee and/or mortgage servicer shall

serve written notice upon the Agency within ten (10) days after the First Purchase Money Mortgage is three (3) months in arrears, and again within ten (10) calendar days of the filing of the complaint seeking foreclosure of the First Purchase Money Mortgage held on an Affordable Condominium.

The obligation of the First Purchase Money Mortgagee and servicer to notify the Agency shall cease automatically and immediately upon the sale of the First Purchase Money Mortgage to the Federal National Mortgage Association or in the secondary mortgage market unless the rules and regulations or guidelines of the Federal National Mortgage Association are amended so as to not prohibit or exclude placing such obligation upon the holder of the mortgage or its service representative, in which case, an instrument duly evidencing same must be recorded with the Office of the Clerk of Somerset County, before any such obligation shall exist. Provided that the First Purchase Money Mortgagee is obligated to give the Agency the above mentioned notices, the First Purchase Money Mortgagee shall also serve written notice of any proposed Foreclosure sale upon the Agency at least thirty (30) days prior to the first scheduled date of such sale. The First Purchase Money Mortgagee shall serve notice upon the Agency within thirty (30) days after the sale of the First Purchase Money Mortgage to the Federal National Mortgage Association or in the secondary mortgage market.

The Township of Bridgewater and/or the Agency or any instrumentality designated by the Township shall have the right to satisfy any mortgage which is in default at any time prior to the entry of a foreclosure judgment, or within the redemption period thereafter. Notification of a default and of the institution of a Foreclosure action and of a sheriff's sale shall be served in writing upon the Agency, with a copy to the Township Clerk. The Township of Bridgewater shall at all times be considered a party in interest and shall have the right to be joined as a party defendant and/or shall have the right to intervene in any foreclosure action seeking foreclosure of a first mortgage and/or shall have the right to redeem and acquire the owner's equity of redemption or to acquire the unit from the Owner upon such terms and conditions as may be determined by the Agency.

16. Surplus Funds. In the event of a Foreclosure sale of an Affordable Condominium by the holder of the First Purchase Money Mortgage, other than the Township as described above, the Owner shall be personally obligated to pay to the Agency any surplus funds, but only to the extent that such surplus funds exceed the difference between (a) what the Owner could have resold his Affordable Condominium for under this Plan at the time of the Foreclosure sale and (b) the amount necessary to redeem and satisfy the First Purchase Money Mortgage debt, including costs of foreclosure. For purposes of this paragraph, surplus funds shall be the total amount of money paid to the sheriff in the foreclosure proceedings in excess of the amount required to pay and satisfy the First Purchase Money Mortgage, including the costs of foreclosure, even if junior creditors actually receive payment from said surplus funds to the exclusion of the Owner. The Agency is hereby given a first priority lien, second only to the First Purchase Money Mortgagee of a Unit and any taxes or public assessments by a duly authorized governmental body, equal to the full amount of surplus funds. This obligation of the Owner to pay this full amount to the Agency shall be deemed to be a personal obligation of the Owner of record at time of the Foreclosure Sale and the Agency is hereby empowered to enforce the obligation of the Owner in any appropriate court of law or equity as though same were a personal contractual obligation of the Owner. Neither the First Purchase Money Mortgagee nor the purchaser at the Foreclosure Sale shall be responsible or liable to the Agency for any portion of this excess.

17. Disclosure Statements. K. Hovnanian at Bridgewater I, Inc. shall provide Disclosure Statements to all initial purchasers of Affordable Condominiums prior to the execution of any contract of sale. The provisions of such disclosure statements shall be as set forth on Exhibit D attached hereto. All Owners of Affordable Condominiums shall provide copies of such Disclosure Statements to subsequent buyers prior to execution of contracts for sale with such buyers.

18. Service Upon Township or Agency. Wherever in this document the Agency or the Township of Bridgewater is authorized to receive letters, contracts or other documents, the Township Clerk shall be the person to whom same are delivered.

19. Captions and Headings. All captions and headings in this Affordable Housing Plan are for purposes of reference only and shall not affect the interpretation or construction of any provision of this Affordable Housing Plan.

20. Severability. It is the intention of both the Township of Bridgewater and K. Hovnanian at Bridgewater I, Inc. that the provisions of this instrument are severable so that if any provisions, conditions, covenants or restrictions thereof shall be invalid or void under any applicable federal, state or local law, the remainder shall be unaffected thereby. In the event that any provision, conditions, covenants or restrictions thereof, is at the time of recording of this instrument, void, voidable or unenforceable as being contrary to any applicable federal, state or local law, both parties, their successors and assigns, and all persons claiming by, through or under them covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability or unenforceability, shall be deemed to apply retrospectively to this instrument thereby operating to validate the provisions of this instrument which otherwise might be invalid and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the effect herein described as fully as if they had been in effect at the time of the execution and recording of this instrument.

21. Agreement. K. Hovnanian at Bridgewater I, Inc. shall construct the 69 Affordable Condominiums and agrees that all such designated Affordable Condominiums shall be sold, rented and marketed in accordance with the provisions of this Affordable Housing Plan.

Dated: _____

ATTEST:

K. HOVNANIAN AT BRIDGEWATER I, INC.

EDWARD A. ISRAELOW,
ASSISTANT SECRETARY

BY: _____
MERLE H. HUSETH,
VICE PRESIDENT

PREPARED BY:

Edward A. Israelow
Attorney at Law of New Jersey

INDEX

0000419

VHF

1. Definitions
2. Part of Association
3. Floor Plans
4. Location
5. Master Deed Provisions: Part of Plan; Duration; Amendment
6. Affordable Housing Agency
7. Deeds of Conveyance Provisions
8. Statement of Exemption - Affordable Condominiums
9. Exempt Transactions
10. Violation of Plan
11. Covenants Running with Land
12. Effect of Foreclosure
13. Obligations of Owners
14. Agency's Right to Cure
15. Provisions for First Purchase Money Mortgagees
16. Surplus Funds
17. Disclosure Statements
18. Service Upon Township or Agency
19. Captions and Headings
20. Severability
21. Agreement

STATE OF NEW JERSEY:

ss.

COUNTY OF MONMOUTH :

BE IT REMEMBERED, that on this _____ day of _____, 1987, the subscriber, a notary public of the State of New Jersey, personally appeared EDWARD A. ISRAELOW, who, being by me duly sworn upon his oath, deposes and makes proof to my satisfaction, that he is the Assistant Secretary of K. Hovnanian at Bridgewater I, Inc., the corporation named in the within instrument; that MERLE H. HUSETH is the the Vice President of said corporation; that the execution, as well as the making of this instrument, has been duly authorized by a proper resolution of the Board of Directors of the said corporation; that deponent well knows the corporate seal of said corporation; and that the seal affixed to said instrument is the proper corporate seal and was thereto affixed and said instrument signed and delivered by said Vice President as and for the voluntary act and deed of said corporation, in the presence of deponent, who thereupon subscribed his name thereto as attesting witness.

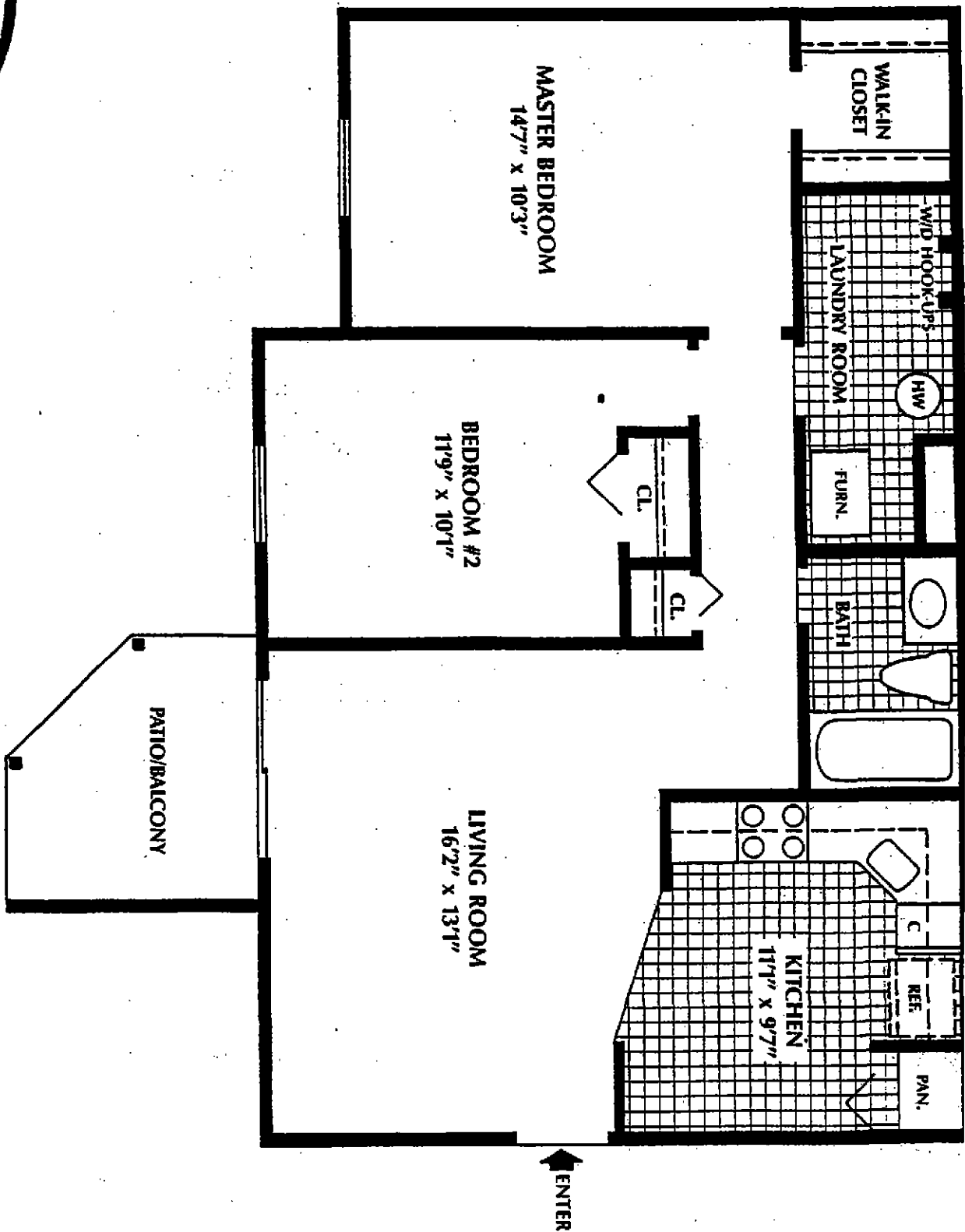
 EDWARD A. ISRAELOW

Sworn and Subscribed to before
me the date aforesaid.

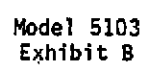
 NOTARY PUBLIC

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Model 5102
Exhibit A



VANDERHAVEN FARM, VILLAGE I

0000423

VHF

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

AFFORDABLE HOUSING UNITS

2 BEDROOM LOW INCOME UNITS (24)

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>MODEL TYPE</u>	<u>BLOCK</u>	<u>LOT</u>
22	C-1	5102	2301.01	2205
22	D-2	5102	2301.01	2208
22	G-1	5102	2301.01	2213
22	H-2	5102	2301.01	2216
24	C-1	5102	2301.01	2405
24	D-2	5102	2301.01	2408
24	G-1	5102	2301.01	2413
24	H-2	5102	2301.01	2416
25	C-1	5102	2301.01	2505
25	D-2	5102	2301.01	2508
25	G-1	5102	2301.01	2513
25	H-2	5102	2301.01	2516
27	C-1	5102	2301.01	2705
27	D-2	5102	2301.01	2708
27	G-1	5102	2301.01	2713
27	H-2	5102	2301.01	2716
29	C-1	5102	2301.01	2905
29	D-2	5102	2301.01	2908
29	G-1	5102	2301.01	2913
29	H-2	5102	2301.01	2916
30	C-1	5102	2301.01	3005
30	D-2	5102	2301.01	3008
30	G-1	5102	2301.01	3013
30	H-2	5102	2301.01	3016

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

AFFORDABLE HOUSING UNITS

2 BEDROOM MODERATE INCOME UNITS (24)

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>MODEL TYPE</u>	<u>BLOCK</u>	<u>LOT</u>
22	C-2	5102	2301.01	2206
22	D-1	5102	2301.01	2207
22	G-2	5102	2301.01	2214
22	H-1	5102	2301.01	2215
24	C-2	5102	2301.01	2406
24	D-1	5102	2301.01	2407
24	G-2	5102	2301.01	2414
24	H-1	5102	2301.01	2415
25	C-2	5102	2301.01	2506
25	D-1	5102	2301.01	2507
25	G-2	5102	2301.01	2514
25	H-1	5102	2301.01	2515
27	C-2	5102	2301.01	2706
27	D-1	5102	2301.01	2707
27	G-2	5102	2301.01	2714
27	H-1	5102	2301.01	2715
29	C-2	5102	2301.01	2906
29	D-1	5102	2301.01	2907
29	G-2	5102	2301.01	2914
29	H-1	5102	2301.01	2915
30	C-2	5102	2301.01	3006
30	D-1	5102	2301.01	3007
30	G-2	5102	2301.01	3014
30	H-1	5102	2301.01	3015

EXHIBIT "C"

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VANDERHAVEN FARM, VILLAGE I

0002425VHF

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

AFFORDABLE HOUSING UNITS

3 BEDROOM LOW INCOME UNITS (10)

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>MODEL TYPE</u>	<u>BLOCK</u>	<u>LOT</u>
23	A-1	5103	2301.01	2301
23	B-2	5103	2301.01	2304
26	A-1	5103	2301.01	2601
26	B-2	5103	2301.01	2604
26	E-1	5103	2301.01	2609
26	F-2	5103	2301.01	2612
28	C-1	5103	2301.01	2805
28	D-2	5103	2301.01	2808
31	A-1	5103	2301.01	3101
31	B-2	5103	2301.01	3104

EXHIBIT "C"

VANDERHAVEN FARM, VILLAGE I

TOWNSHIP OF BRIDGEWATER, COUNTY OF SOMERSET, STATE OF NEW JERSEY

AFFORDABLE HOUSING UNITS

3 BEDROOM MODERATE INCOME UNITS (11)

<u>BUILDING NO.</u>	<u>UNIT NO.</u>	<u>MODEL TYPE</u>	<u>BLOCK</u>	<u>LOT</u>
21	C-1	5103	2301.01	2105
23	A-2	5103	2301.01	2302
23	B-1	5103	2301.01	2303
26	A-2	5103	2301.01	2602
26	B-1	5103	2301.01	2603
26	E-2	5103	2301.01	2610
26	F-1	5103	2301.01	2611
28	C-2	5103	2301.01	2806
28	D-1	5103	2301.01	2807
31	A-2	5103	2301.01	3102
31	B-1	5103	2301.01	3103

EXHIBIT "C"

9215000

DISCLOSURE STATEMENT FOR
AFFORDABLE CONDOMINIUMS IN
VANDERHAVEN FARM, VILLAGE I CONDOMINIUM

0002437

VHF

The home which you are considering purchasing is an Affordable Condominium as defined in a document entitled "Affordable Housing Plan for Vanderhaven Farm, Village I Condominium", which has been or will be recorded with the Clerk of the County of Somerset and on file with the Clerk of the Township of Bridgewater. The Affordable Housing Plan was prepared by K. Hovnanian at Bridgewater I, Inc. and was a requirement of the Township of Bridgewater in its approval of Vanderhaven Farm, Village I. A complete reading of the Plan, which is included in the Public Offering Statement, is necessary to fully understand and be aware of all the restrictions contained in the Plan which affect the home you are considering purchasing. By way of a brief summary, the following restrictions are contained in the Plan:

1. Purchasers or tenants of these Affordable Condominiums are limited to Lower Income Families. These Affordable Condominiums must be occupied by the owner and may not be rented except as may be permitted by the Township of Bridgewater or its designee. This restriction applies to the initial purchase and all resales;
2. These Affordable Condominiums may not be resold at a sales price greater than the initial sales price plus a percentage increase based on the Metropolitan New York Regional Consumer Price Index for Housing of the Department of Labor or an alternate price index as the Township of Bridgewater may determine;
3. Owners of Affordable Condominiums may, subject to approval by the Township of Bridgewater, add reasonable amenities or improvements to such units. The resale or rental price may also include reimbursements for documented monetary outlays for reasonable improvements and reasonable costs incurred in selling the Unit. It is possible that the cost of some of the improvements made by Owners may not be recoverable at time of resale;
4. These Affordable Condominiums shall pay thirty-three and one-third (33 1/3%) percent of the total individual unit assessment which would have been levied upon all condominium units in Vanderhaven Farm, Village I had such assessment been allocated equally to each and every condominium unit both market and affordable. Owners of these Affordable Condominiums have the very same rights, privileges, duties and obligations as any other condominium owner in Vanderhaven Farm, Village I. The owners of these units are entitled to participate fully in the affairs of the Association on an equal basis with any other member of the Association. There are no restrictions or limitations upon the ability of owners of these units to participate in the affairs of the Association; and
5. The terms, restrictions, provisions and covenants of the Affordable Housing Plan, and the provisions of the Master Deed referring to and incorporating the Affordable Housing Plan, shall automatically expire and terminate with respect to the Affordable Condominium at the earlier of the following: (1) thirty (30) years from the date the Affordable Housing Plan is recorded; or (2) the date upon which a first mortgage forecloses its first mortgage lien upon the particular Affordable Condominium, or (3) the date upon which the

Vanderhaven Farm, Village I Condominium
 Association, Inc. dissolves or ceases to exist for
 any reason.

The above are the limitations and restrictions which most greatly affect the Affordable Condominiums in Vanderhaven Farm, Village I. To fully understand the Plan, and its requirements, requires a thorough and complete reading of the Plan in its entirety.

I Have read the contents of this Disclosure Statement and understand same. I have been instructed that a thorough reading of the plan in its entirety is necessary to understand its requirements and limitations. I have been further instructed to seek the assistance and advice of an attorney in reviewing the Plan.

Date: _____
 Prospective Purchaser

Building No.: _____ Unit: _____
 Prospective Purchaser

0009438

CERTIFICATE OF INCORPORATION

0000429

VHF

OF

VANDERHAVEN FARM, VILLAGE I CONDOMINIUM ASSOCIATION, INC.

THIS IS TO CERTIFY, that the undersigned, of the age of eighteen years or over, do hereby associate themselves into a corporation under and by virtue of the provisions of an Act of the Legislature of the State of New Jersey, entitled:

Title 15A thereto and acts amandatory thereof.

FIRST: The name of this corporation is: Vanderhaven Farm, Village I Condominium Association, Inc. (hereafter, the "Corporation").

SECOND: The purposes for which this Corporation is formed are to operate, administer and maintain in accordance with the Corporation's By Laws the common elements and facilities of the condominium community known as Vanderhaven Farm, Village I (hereafter, the "Condominium") located in the Township of Bridgewater, County of Somerset, New Jersey, and any and all other lawful activities permitted for a non-profit corporation.

THIRD: The location of the principal office of this Corporation is at 10 Highway 35, in the Township of Middletown, County of Monmouth, New Jersey 07701, and the name of the agent therein and in charge thereof, upon whom process against the corporation may be served is Peter S. Reinhart, Esquire.

FOURTH: The number of trustees of this corporation is seven, who shall be elected in accordance with the provisions as set forth in the Corporation's By-Laws.

FIFTH: The incorporator of the Corporation is:

Edward A. Israelow, 634 Carleton Road, Westfield, NJ 07090

SIXTH: The names and addresses of the trustees elected for this first year of existence of the Corporation are:

Peter S. Reinhart, Esq.
2 Bayhill Road
Leonardo, NJ 07737

George P. Yankowich
19 Blossom Cove Road
Middletown, NJ 07748

Timothy P. Mason
22 Devon Drive
Piscataway, NJ 08854

Edward A. Israelow, Esq.
634 Carleton Road
Westfield, NJ 07090

James P. Barry
2 Spaulding Place
Monmouth Beach, NJ 07750

Barry McCarron
492 Staffa Street
West Allenhurst, NJ 07711

Bryan Lacey
33 Tamarack Street
Howell, NJ 07731

SEVENTH: Qualification of officers and members and the conduct of the Board of Trustees shall be in accordance with and governed by the By Laws of the Corporation. Membership in the Corporation is limited to Unit Owners in the Condominium in accordance with the Corporation's By Laws.

EIGHTH: The corporation is perpetual but may be dissolved with the assent given in writing and signed by not less than seventy-five (75%) percent of the unit owners. Upon dissolution of the Corporation, other than incident to a merger consolidation, the assets of the Corporation shall be distributed to the members of the Corporation in accordance with their percentage of ownership, or may, at the election of 3/4ths of the unit owners, be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted for purposes similar to these for which this Corporation was created.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this _____ day of _____, 198__.

EDWARD A. ISRAELOW, ESQ.

STATE OF NEW JERSEY:

ss.

COUNTY OF MONMOUTH :

BE IT REMEMBERED, that on this _____ day of _____, 19____, before me the subscriber, a Notary Public of the State of New Jersey, personally appeared EDWARD A. ISRAELOW, who, I am satisfied is the person named in and who executed the within instrument, and thereupon he acknowledged that he signed, sealed and delivered the same as his act and deed, for the uses and purposes therein expressed.

NOTARY PUBLIC

0000430

VANDERHAVEN FARM, VILLAGE I CONDOMINIUM ASSOCIATION, INC.
 PROPOSED BUDGET SUMMARY AT FULL OCCUPANCY
 FOR FIRST YEAR OF OPERATION

VHF

345 Units - 4140 Unit Months
 276 Market Units/69 Affordable Units

ACCT. NO.	SUB- ACCT. NO.	ACCOUNT NAME	ANNUAL BUDGET	COST PER UNIT PER MONTH
3000		INCOME		
3100		Income from Association Dues		
3110		276 Market Units @ \$113.24/unit	375,050.88	31,254.24
3120		69 Affordable Units @ \$32.32/unit	26,760.96	2,230.08
		TOTAL INCOME FROM ASSOCIATION DUES	401,811.84	33,484.32
4100		ADMINISTRATION		
4110		Management	45,540.00	11.00
4120		Insurance	49,630.00	11.99
4130		Education	2,000.00	.48
4140		Professional Fees	9,500.00	2.29
4150		Office Supplies	2,008.00	.49
4160		Telephone	1,200.00	.29
4170		Taxes	2,163.00	.52
4180		Miscellaneous	500.00	.12
		TOTAL ADMINISTRATION	112,541.00	27.18
4200		GROUNDS & LANDSCAPING		
4210		Landscaping Contract	83,200.00	20.10
4215		Detention Basin Maintenance	2,500.00	.60
4220		Sprinkler System	13,522.00	3.27
4230		Sprinkler Maintenance	5,000.00	1.21
4250		Snow Removal	20,000.00	4.83
4260		Lighting	17,184.60	4.15
4270		Hydrant Fee	4,500.00	1.09
4280		Trees and Shrubs	500.00	.12
4290		Miscellaneous	500.00	.12
		TOTAL GROUNDS & LANDSCAPING	146,906.60	35.49
4300		BUILDINGS		
4310		Maintenance	20,800.00	5.02
4320		Refuse/Sanitation	35,190.00	8.50
4329		Paint and Supplies	500.00	.12
4330		Sewer Line Maintenance	1,000.00	.24
4360		Miscellaneous	500.00	.12
		TOTAL BUILDINGS	57,990.00	14.00
4400		RECREATION		
4410		RECREATION-CLUBHOUSE		
4410	01	Clubhouse Maintenance & Supplies	1,000.00	.24
4410	03	Electricity	3,300.00	.80
4410	04	Sewer & Water	500.00	.12
4410	05	Gas	1080.00	.26
4410	06	Coin Phones	405.00	.10
4410	09	Miscellaneous	500.00	.12
		TOTAL RECREATION-CLUBHOUSE	6,785.00	1.64

4420		RECREATION-POOL		
4420	01	Pool Maintenance	250.00	.06
4420	02	Lifeguards/Maintenance	10,000.00	2.42
TOTAL RECREATION-POOL			10,250.00	2.48
4430		RECREATION-TENNIS		
4430	01	Tennis Court Upkeep	500.00	.12
TOTAL RECREATION-TENNIS			500.00	.12
TOTAL RECREATION			17,535.00	4.24
5000		RESERVES		
5009		BUILDINGS-Electrical/Plumbing	1,333.33	.32
5010		BUILDINGS-Roofs	9,462.55	2.29
5011		BUILDINGS-Balconies/Stairwell	3,930.75	.95
5012		BUILDINGS-Paint/Stain/Caulk	4,312.50	1.04
5013		BUILDINGS-Patios	1,914.00	.46
5014		BUILDINGS-Vinyl Siding	17,736.00	4.28
5015		GROUNDS-Restripe/Renumber	500.00	.12
5016		GROUNDS-Grounds/Roadways	7,979.40	1.93
5017		GROUNDS-Walkways	7,062.50	1.71
5019		GROUNDS-Sprinkler System	520.00	.13
5020		GROUNDS-Fencing	1,283.33	.31
5021		RECREATION-Clubhouse Furnishings	2,200.00	.53
5022		RECREATION-Pool	2,326.00	.56
5023		RECREATION-Tennis Courts	1,320.00	.32
5024		RECREATION-Tot Lots	1,683.33	.41
5030		MISC-Insurance Deductible	2,000.00	.48
5031		MISC-Contingency	1,284.61	.31
TOTAL RESERVES			66,848.30	16.15
TOTAL ASSOCIATION BUDGET			401,820.90	97.06*

*FEE IF ALL UNITS PAID EQUAL DUES = \$97.06 PER MONTH
 ALLOCATION PER AFFORDABLE HOUSING PLAN AND MASTER DEED:

276 Market Units = \$113.24 per month
 69 Affordable Units = \$32.32 per month

2250000

FOOTNOTE TO BUDGET

0002433

VHF

CALCULATION OF RESERVES

<u>LINE</u>	<u>ITEM</u>	<u>TOTAL COST</u>	<u>USEFUL LIFE (YEARS)</u>
5009	Electrical/Plumbing	\$40,000.00	30
5010	Building Roofs	\$236,563.68	25
5011	Balconies/Stairwells	\$78,615.00	20
5012	Paint/Stain/Caulk	\$17,250.00	4
5013	Patios	\$57,420.00	30
5014	Vinyl Siding	\$443,400.00	25
5015	Restripe/Renumber	\$2,500.00	5
5016	Grounds/Roadways	\$159,588.00	20
5017	Walkways	\$141,250.00	20
5019	Sprinkler System	\$5,200.00	10
5020	Fencing	\$19,250.00	15
5021	Clubhouse Furnishings	\$22,000.00	10
5022	Pool and Equipment		
	Pool	\$45,000.00	30
	Deck	\$15,000.00	30
	Filter	\$3,000.00	15
	Fence	\$1,890.00	15
5023	Tennis Courts		
	Resurface	\$7,000.00	7
	Fence	\$4,800.00	15
5024	Tot Lots		
	Fence	\$750.00	15
	Furnishings	\$12,000.00	10
	Sand	\$1,300.00	3
5030	Insurance Deductible	\$2,000.00	1
5031	Contingency-approx. 2% of	\$1,284.61	
	total annual reserve budget		

The Board of Trustees of the Association prepares the annual budget of the Association prior to the beginning of each fiscal year. The reserves are included in the annual budget and the Trustees shall review the amount of the reserves each year in order to evaluate the adequacy of the reserves.

VANDERHAVEN FARM, VILLAGE I CONDOMINIUM ASSOCIATION, INC.
PROPOSED BUDGET SUMMARY AT FULL OCCUPANCY
FOR FIRST YEAR OF OPERATION

PHASE 1
20 Units - 240 Unit Months
20 Market Units

ACCT. NO.	SUB- ACCT. NO.	ACCOUNT NAME	ANNUAL BUDGET	COST PER UNIT PER MONTH
3000		INCOME		
3100		Income from Association Dues		
3110		20 Market Units @ \$88.22/unit	21,172.80	1,764.40
TOTAL INCOME FROM ASSOCIATION DUES			21,172.80	1,764.40
4100		ADMINISTRATION		
4110		Management	2,732.40	10.84
4120		Insurance	2,977.80	11.82
4130		Education	120.00	.48
4140		Professional Fees	570.00	2.26
4150		Office Supplies	120.48	.48
4160		Telephone	72.00	.29
4170		Taxes	111.78	.44
4180		Miscellaneous	30.00	.12
TOTAL ADMINISTRATION			6,734.46	26.73
4200		GROUNDS & LANDSCAPING		
4210		Landscaping Contract	4,992.00	19.81
4220		Sprinkler System	811.32	3.22
4230		Sprinkler Maintenance	300.00	1.19
4250		Snow Removal	1,200.00	4.76
4260		Lighting	1,031.08	4.09
4270		Hydrant Fee	270.00	1.07
4280		Trees and Shrubs	30.00	.12
4290		Miscellaneous	30.00	.12
TOTAL GROUNDS & LANDSCAPING			8,664.40	34.38
4300		BUILDINGS		
4320		Refuse/Sanitation	2,111.40	8.38
4329		Paint and Supplies	30.00	.12
4330		Sewer Line Maintenance	60.00	.24
4360		Miscellaneous	30.00	.12
TOTAL BUILDINGS			2,231.40	8.86
5000		RESERVES		
5009		BUILDINGS-Electrical/Plumbing	76.80	.32
5010		BUILDINGS-Roofs	563.98	2.24
5011		BUILDINGS-Balconies/Stairwell	235.85	.94
5012		BUILDINGS-Paint/Stain/Caulk	258.75	1.03
5013		BUILDINGS-Patios	114.84	.46
5014		BUILDINGS-Vinyl Siding	1,064.16	4.22
5015		GROUNDS-Restripe/Renumber	30.00	.12
5016		GROUNDS-Grounds/Roadways	478.76	1.90
5017		GROUNDS-Walkways	423.75	1.68
5019		GROUNDS-Sprinkler System	31.20	.12
5020		GROUNDS-Fencing	77.00	.31
5030		MISC-Insurance Deductible	120.00	.48
5031		MISC-Contingency	67.97	.27
TOTAL RESERVES			3,543.06	14.09
TOTAL ASSOCIATION BUDGET			21,173.32	84.06

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VANDERHAVEN FARM, VILLAGE I CONDOMINIUM ASSOCIATION, INC.
 PROPOSED BUDGET SUMMARY AT FULL OCCUPANCY
 FOR FIRST YEAR OF OPERATION

VHF

PHASES 1-3; 5-8; and 14-16
 217 Units - 2604 Unit Months
 165 Market Units/52 Affordable Units

ACCT. NO.	SUB- ACCT. NO.	ACCOUNT NAME	ANNUAL BUDGET	COST PER UNIT PER MONTH
3000		INCOME		
3100		Income from Association Dues		
3110		165 Market Units @ \$116.72/unit	231,105.60	19,258.80
3120		52 Affordable Units @ \$32.15/unit	20,061.60	1,671.80
		TOTAL INCOME FROM ASSOCIATION DUES	251,167.20	20,930.60
4100		ADMINISTRATION		
4110		Management	28,644.66	11.00
4120		Insurance	31,217.27	11.99
4130		Education	1,258.00	.48
4140		Professional Fees	5,975.50	2.29
4150		Office Supplies	1,263.03	.49
4160		Telephone	754.80	.29
4170		Taxes	1,360.53	.52
4180		Miscellaneous	314.50	.12
		TOTAL ADMINISTRATION	70,788.29	27.18
4200		GROUNDS & LANDSCAPING		
4210		Landscaping Contract	52,332.80	20.10
4220		Sprinkler System	8,505.34	3.27
4230		Sprinkler Maintenance	3,145.00	1.21
4250		Snow Removal	12,580.00	4.83
4260		Lighting	10,809.11	4.15
4270		Hydrant Fee	2,830.50	1.09
4280		Trees and Shrubs	314.50	.12
4290		Miscellaneous	314.50	.12
		TOTAL GROUNDS & LANDSCAPING	90,831.75	34.89
4300		BUILDINGS		
4310		Maintenance	13,083.20	5.02
4320		Refuse/Sanitation	22,134.51	8.50
4329		Paint and Supplies	314.50	.12
4330		Sewer Line Maintenance	629.00	.24
4360		Miscellaneous	314.50	.12
		TOTAL BUILDINGS	36,475.71	14.00
4400		RECREATION		
4410		RECREATION-CLUBHOUSE		
4410	01	Clubhouse Maintenance & Supplies	629.00	.24
4410	03	Electricity	2,075.70	.80
4410	04	Sewer & Water	314.50	.12
4410	05	Gas	679.32	.26
4410	06	Coin Phones	254.75	.10
4410	09	Miscellaneous	314.50	.12
		TOTAL RECREATION-CLUBHOUSE	4,267.77	1.64

4420		RECREATION-POOL		
4420	01	Pool Maintenance	157.25	.06
4420	02	Lifeguards/Maintenance	6,290.00	2.42
TOTAL RECREATION-POOL			6,447.25	2.48
4430		RECREATION-TENNIS		
4430	01	Tennis Court Upkeep	314.50	.12
TOTAL RECREATION-TENNIS			314.50	.12
TOTAL RECREATION			11,029.52	4.24
5000		RESERVES		
5009		BUILDINGS-Electrical/Plumbing	833.28	.32
5010		BUILDINGS-Roofs	5,951.94	2.29
5011		BUILDINGS-Balconies/Stairwell	2,472.44	.95
5012		BUILDINGS-Paint/Stain/Caulk	2,712.56	1.04
5013		BUILDINGS-Patios	1,203.91	.46
5014		BUILDINGS-Vinyl Siding	11,155.94	4.28
5015		GROUPS-Repairs/Renumber	314.50	.12
5016		GROUPS-Grounds/Roadways	5,019.04	1.93
5017		GROUPS-Walkways	4,442.31	1.71
5019		GROUPS-Sprinkler System	327.08	.13
5020		GROUPS-Fencing	807.22	.31
5021		RECREATION-Clubhouse Furnishings	1,383.80	.53
5022		RECREATION-Pool	1,463.05	.56
5023		RECREATION-Tennis Courts	830.28	.32
5024		RECREATION-Tot Lots	1,058.81	.41
5030		MISC-Insurance Deductible	1,258.00	.48
5031		MISC-Contingency	808.02	.31
TOTAL RESERVES			42,042.18	16.15
TOTAL ASSOCIATION BUDGET			251,167.45	96.46*

*FEE IF ALL UNITS PAID EQUAL DUES = \$96.46 PER MONTH
 ALLOCATION PER AFFORDABLE HOUSING PLAN AND MASTER DEED:

165 Market Units = \$116.72 per month
 52 Affordable Units = \$32.15 per month



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VHF

The Developers
Vanderhaven Farm Village I

The accompanying forecasted annual budget including reserves for the first full year of operations assuming full occupancy and summary of significant forecast assumptions of Vanderhaven Farm Village I Condominium Association, Inc. is the developer's estimate of the most probable results of operations for the forecast period. Accordingly, the forecast reflects the developer's judgment, based on present circumstances, of the most likely set of conditions and its most likely course of action.

We have made a review of the forecasted annual budget, including those amounts set aside as reserves for the replacement of the common elements and facilities, in accordance with applicable guidelines for a review of a financial forecast established by the American Institute of Certified Public Accountants. Our review included procedures to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Based on our review, we believe that the accompanying forecasted annual budget including reserves is adequate and presented in conformity with applicable guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants. We believe that the underlying assumptions provide a reasonable basis for the developer's forecast. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved during the forecast period will vary from the forecast and the variations may be material.

Curchin & Company

February 20, 1987
Red Bank, NJ

**CURCHIN & COMPANY**

Certified Public Accountants

The Developers
Vanderhaven Farm Village I, Inc.

The accompanying forecasted annual budget including reserves for the first full year of operations assuming full occupancy (20 units) and summary of significant forecast assumptions of Vanderhaven Farm Village I Condominium Association, Inc. is the developer's estimate of the most probable results of operations and for the forecast period. Accordingly, the forecast reflects the developer's judgment, based on present circumstances, of the most likely set of conditions and its most likely course of action.

We have made a review of the forecasted annual budget, including those amounts set aside as reserves for the replacement of the common elements and facilities, in accordance with applicable guidelines for a review of a financial forecast established by the American Institute of Certified Public Accountants. Our review included procedures to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Based on our review, we believe that the accompanying forecasted annual budget including reserves is adequate and presented in conformity with applicable guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants. We believe that the underlying assumptions provide a reasonable basis for the developer's forecast. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved during the forecast period will vary from the forecast and the variations may be material.

Curchin & Company

February 20, 1987
Red Bank, NJ

8576000



CURCHIN & COMPANY
Certified Public Accountants

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The Developers
Vanderhaven Farm Village I, Inc.

The accompanying forecasted annual budget including reserves for the first full year of operations assuming full occupancy (217 units) and summary of significant forecast assumptions of Vanderhaven Farm Village I Condominium Association, Inc. is the developer's estimate of the most probable results of operations for the forecast period. Accordingly, the forecast reflects the developer's judgment, based on present circumstances, of the most likely set of conditions and its most likely course of action.

We have made a review of the forecasted annual budget, including those amounts set aside as reserves for the replacement of the common elements and facilities, in accordance with applicable guidelines for a review of a financial forecast established by the American Institute of Certified Public Accountants. Our review included procedures to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Based on our review, we believe that the accompanying forecasted annual budget including reserves is adequate and presented in conformity with applicable guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants. We believe that the underlying assumptions provide a reasonable basis for the developer's forecast. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved during the forecast period will vary from the forecast and the variations may be material.

Curchin & Company

February 20, 1987
Red Bank, NJ



Jacobson Goldfarb Scott Inc.

December 1, 1986

K. Hovnanian & Co.
10 Route #35, P.O. Box 500
Red Bank, N.J. 07701

Re: LETTER OF ADEQUACY
Bridgewater I
Bridgewater Twp., N.J.

Gentlemen:

In accordance with your request, we have reviewed and examined the Insurance Requirements for the Bridgewater I Condominium Association. Based on our analysis, we are pleased to recommend the following insurance coverages.

1. PROPERTY Coverage would be written on a blanket basis covering all Condominium buildings including recreation buildings, if any, and personal property owned by the Association. Coverage provided under the policy would be on an "all-risk" perils basis including Replacement Cost and Agreed Amount. All covered property would be subject to a policy deductible of \$1,000 each occurrence. At the option of the Association, the policy can be extended to include damage from flood and earthquake and reimbursement of monthly maintenance fees in the event of a covered loss.

Values of the building 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 will ensure that insurance to value is maintained.

ASPEN CORPORATE PARK II
1460 ROUTE 9 NORTH - P.O. BOX 489 - WOODBRIDGE, NEW JERSEY 07095
TELEPHONE: 201-636-4949



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2. **COMPREHENSIVE GENERAL LIABILITY** Liability insurance would be designed to provide comprehensive protection for all common areas including swimming pool 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, Medical Payments, Independent Contractors, Advertising Liability, Employees as Additional Insureds, Incidental Medical Malpractice, Fire Legal Liability, Extended Bodily Injury, Non-owned and Hired Automobile Liability, etc.
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 \$1,000 deductible.
4. **UMBRELLA LIABILITY** This policy would provide excess limit of Liability above the primary Comprehensive General Liability, Non-owned and Hired Automobile Liability, and Directors and Officers Liability policies. A minimum limit of \$2,000,000 for each occurrence is recommended, however, higher limits are suggested for consideration by the Association.
5. **WORKERS 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 Broad Form All-States Endorsement would be included. The policy would be issued on a minimum premium basis subject to audit at expiration.

Jacobson Goodfarb Scott Inc.

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 coverages.
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 \$100,000; each of the remaining three coverages would have a limit of \$1,000.
8. **BOILER AND MACHINERY INSURANCE** To comply with State Requirements, the necessary boiler and machinery coverage will be provided on a Broad Form Repair or Replacement Cost basis.
9. **UNIT OWNERS INSURANCE** A Broad Form Condominium Unit Owners policy commonly referred to as an HO-6, should be purchased at the option of the Unit Owner to cover their personal belongings, furniture and fixtures, and any upgrades purchased as options by the Unit Owner.

Implementation of the foregoing coverages will in our opinion be adequate to meet the basic needs of the Association in insuring the exposures usual to Condominium Associations. Premium summary for the coverage is shown in the attached summary sheet.

Very truly yours,

JACOBSON GOLDFARB & SCOTT, INC.


Stephen J. Kane

SJK:sm

Jacobson Goldfarb Scott inc

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BRIDGEWATER I
INSURANCE PREMIUM ESTIMATE
VALUED AS OF DECEMBER, 1986

COVERAGE	AMOUNT	PREMIUM
1. Property Insurance		
345 Units - 100%		
Insurable Value 100%	\$13,588,250	
Clubhouse	\$ 80,000	
Clubhouse - Contents	\$ 20,000	
Pool & Fence	\$ 62,000	
Tennis Courts & Fence	\$ 53,000	\$ 45,850
2. Comprehensive Gen. Liab.	\$1,000,000	INCLUDED
3. Directors & Officers Liab.	\$1,000,000	\$ 1,350
4. Umbrella Liability	\$2,000,000	\$ 2,300
5. Worker's Comp.	STATUTORY	\$ 130
6. Comprehensive Auto	NOT REQUIRED	
	INITIALLY	
7. Comprehensive Crime	\$100,000	INCLUDED
8. Boiler & Machinery	NOT REQUIRED	
TOTAL ESTIMATED ANNUAL PREMIUM		\$ 49,630

The premiums estimated above are based on rates in effect in December, 1986. Actual premiums may vary, based on the date coverage actually attaches.

Jacobson Goldfarb Scott Inc.

142
ROBERT C. KRUGH

COMMUNITY MANAGEMENT CO., INC.

10 HIGHWAY 35 • P.O. BOX 500

RED BANK, NEW JERSEY 07701

(201) 747-7876

November 24, 1986

Board of Trustees
Vanderhaven Farm Village I
VanderVeer Road
Bridgewater, N.J., 08807

This agreement is made and entered into February 1, 1987 by and between Vanderhaven Farm Village I Condominium Association a non-profit Corporation of the State of New Jersey, hereinafter referred to as the "Association" and Robert C. Krugh Community Management Co., Inc. located at 10 Highway 35, Red Bank, New Jersey, 07701, hereinafter referred to as "Management".

"Management" will provide all of the usual functions performed by a management company including, but not limited to, Administration, Facilities and Financial Management, preparation of proposed budgets, solicitation of bids for Accounting, Buildings and Grounds Maintenance, Pool Maintenance and Lifeguards, Snow Removal, Secretarial and Bookkeeping requirements, and all other functions necessary for the efficient operation of the Association.

These services will be billed by "Management" directly to the Association.

In consideration of the above, the Association will pay to "Management" the sum of Forty Five Thousand Five Hundred Forty Dollars (\$45,540.00) for 345 Units. The Agreement is for a period of one year from the date upon which the Master Deed of Vanderhaven Farm Village I Condominium is recorded and may be terminated by either party (A) without cause and without payment of a termination fee on ninety (90) days written notice and (B) for cause upon thirty (30) days written notice.

This Agreement constitutes the entire Agreement between the parties hereto.



ROBERT C. KRUGH
COMMUNITY MANAGEMENT COMPANY, INC.

Vanderhaven Farm Village I
CONDOMINIUM ASSOCIATION, INC.

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THIS INDENTURE

0002445 VHF

Dated

BETWEEN K. HOVNANIAN AT BRIDGEWATER I, INC., A Corporation of the State of New Jersey, whose main office is 10 Highway 35, P. O. Box 500, Rad Bank, New Jersey, the GRANTOR

AND

the GRANTEE

about to reside at

The GRANTOR grants, sells, conveys and transfers ownership of the property described below to GRANTEE for the sum of

Dollars.

The property is located in the Township of Bridgewater, County of Somerset and State of New Jersey and is legally described as:

Unit No. ____, in Building No. ____, in Vanderhaven Farm, Village I Condominium together with an undivided ____ percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Vanderhaven Farm, Village I Condominium dated ____ and recorded on ____, in the Office of the Clerk of Somerset County in Deed Book ____, Page ____, et. seq.

Being also known as Lot No. ____, in Block No. ____, on the tax map of the Township of Bridgewater.

The GRANTOR promises the GRANTEE that Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts" (N.J.S.A. 46:4-6). This promise means that Grantor has not allowed anyone else to obtain any legal rights which affect the property.

This Deed has been signed and attested to by the appropriate officers of the GRANTOR and the corporate seal of the GRANTOR is affixed.

ATTEST:

K. HOVNANIAN AT BRIDGEWATER I, INC.

NANCY SCHNEIDER, Asst. Secretary

BY:

JAMES P. BARRY, Vice President

Prepared by:

EDWARD A. ISRAELOW, ESQ.

STATE OF NEW JERSEY: ss
COUNTY OF MONMOUTH :

On _____, 19____ NANCY SCHNEIDER, personally appeared before me and she acknowledged under oath that: she is the Assistant Secretary of K. HOVNANIAN AT BRIDGEWATER I, INC., the GRANTOR in this Deed; that she knows the proper seal of the GRANTOR and it is affixed to this Deed; this Deed was signed by JAMES P. BARRY, Vice President of the GRANTOR; she signed this Deed to attest to the signing of the Deed by JAMES P. BARRY; the Deed was signed and delivered by the GRANTOR as its voluntary act, which act was properly authorized by the Board of Directors of GRANTOR; she is signing this Certification to affirm the truthfulness of what has been set forth; and the full and actual consideration paid or to be paid for the transfer of title to the property described in this Deed, as such consideration is defined in N.J.S.A. 46:15-5, is \$_____.

NANCY SCHNEIDER, Asst. Secty.

Sworn and Subscribed to before me at
Red Bank, New Jersey, the date aforesaid.

SPECIFIC POWER OF ATTORNEY

(I)(We), the above named GRANTEE, do hereby irrevocably name, make, appoint, constitute and confirm K. Hovnanian at Bridgewater I, Inc., a corporation of the State of New Jersey, whose main office is 10 Highway 35, P.O. Box 500, Red Bank, New Jersey, and its assigns and successors, my true and lawful Attorney-in Fact for (me)(us) for those specific and limited purposes as set forth in Paragraphs 11, and its sub-paragraphs, and Paragraph 13 of the Master Deed and Declaration of Restrictive and Protective Covenants of Vanderhaven Farm, Village I Condominium and Paragraph 17 of the By Laws of Vanderhaven Farm, Village I Condominium Association, and for me (us) and in my (our) name(s), place(s) and stead, execute any such amendment(s) to the Master Deed and other instrument(s) necessary to effect the purposes set forth in Paragraph 11, and its sub-paragraphs, and Paragraph 13 of the Master Deed and Paragraph 17 of the By Laws with the same force and effect as though I (we) were present and acting for myself (ourselves) and I (we) hereby ratify and confirm all that my said attorney-in-fact shall do by virtue hereof. This Power of Attorney shall not be affected by the fact that (I)(we) might become incompetent hereafter, but shall remain in full force and effect.

In witness whereof, (I)(we) hereunto set (my)(our) hand(s) this _____ day of _____, 19____.

GRANTEE

GRANTEE

State of New Jersey)ss:
County of Somerset)

I certify that on _____, 19____, _____, and _____, personally came before me and acknowledged under oath, to my satisfaction that this person (or, if more than one, each person); (a) is named in and personally signed the Power of Attorney; and (b) signed, sealed and delivered this document as his or her act and deed.

NOTARY PUBLIC

K. HOVNANIAN AT BRIDGEWATER I, INC. to _____
CHARGE, RECORD & RETURN TO: _____

0000446

THIS INDENTURE

0002447 VHF

Dated

BETWEEN K. HOVNANIAN AT BRIDGEWATER I, INC., A Corporation of the State of New Jersey, whose main office is 10 Highway 35, P. O. Box 500, Red Bank, New Jersey, the GRANTOR

AND

the GRANTEE

about to reside at

The GRANTOR grants, sells, conveys and transfers ownership of the property described below to GRANTEE for the sum of

Dollars

The property is located in the Township of Bridgewater, County of Somerset and State of New Jersey and is legally described as:

Unit No. __, in Building No. __, in Vanderhaven Farm, Village I Condominium together with an undivided ____ percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Vanderhaven Farm, Village I Condominium dated ____ and recorded on __, in the Office of the Clerk of Somerset County in Deed Book __, Page __, et. seq.

The owner's right, title and interest in this unit and the use, sale and resale of this property are subject to the terms, conditions, restrictions, limitations and provisions as set forth in the "Affordable Housing Plan of Vanderhaven Farm, Village I Condominium" dated ____ which plan was filed in the Office of the Clerk of Somerset County in Deed Book ____ at Page ____ on ____ and is on file with the Township of Bridgewater Clerk.

Being also known as Lot No. __, in Block No. __, on the tax map of the Township of Bridgewater.

The GRANTOR promises the GRANTEE that Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts" (N.J.S.A. 46:4-6). This promise means that Grantor has not allowed anyone else to obtain any legal rights which affect the property.

This Deed has been signed and attested to by the appropriate officers of the GRANTOR and the corporate seal of the GRANTOR is affixed.

ATTEST:

K. HOVNANIAN AT BRIDGEWATER I, INC.

NANCY SCHNEIDER, Asst. Secretary

BY:

JAMES P. BARRY, Vice President

Prepared by:

EDWARD A. ISRAELow, ESQ.

STATE OF NEW JERSEY: ss
COUNTY OF MONMOUTH :

On _____, 19____ NANCY SCHNEIDER, personally appeared before me and she acknowledged under oath that: she is the Assistant Secretary of K. HOVNANIAN AT BRIDGEWATER I, INC., the GRANTOR in this Deed; that she knows the proper seal of the GRANTOR and it is affixed to this Deed; this Deed was signed by JAMES P. BARRY, Vice President of the GRANTOR; she signed this Deed to attest to the signing of the Deed by JAMES P. BARRY; the Deed was signed and delivered by the GRANTOR as its voluntary act; which act was properly authorized by the Board of Directors of GRANTOR; she is signing this Certification to affirm the truthfulness of what has been set forth; and the full and actual consideration paid or to be paid for the transfer of title to the property described in this Deed, as such consideration is defined in N.J.S.A. 46:15-5, is \$_____.

NANCY SCHNEIDER, Asst. Secty.

Sworn and Subscribed to before me at
Red Bank, New Jersey, the date aforesaid.

SPECIFIC POWER OF ATTORNEY

(I)(We), the above named GRANTEE, do hereby irrevocably name, make, appoint, constitute and confirm K. Hovnanian at Bridgewater I, Inc., a corporation of the State of New Jersey, whose main office is 10 Highway 35, P.O. Box 500, Red Bank, New Jersey, and its assigns and successors, my true and lawful Attorney-in Fact for (me)(us) for those specific and limited purposes as set forth in Paragraphs 11, and its sub-paragraphs, and Paragraph 13 of the Master Deed and Declaration of Restrictive and Protective Covenants of Vanderhaven Farm, Village I Condominium and Paragraph 17 of the By Laws of Vanderhaven Farm, Village I Condominium Association, and for me (us) and in my (our) name(s), place(s) and stead, execute any such amendment(s) to the Master Deed and other instrument(s) necessary to effect the purposes set forth in Paragraphs 11, and its sub-paragraphs, and Paragraph 13 of the Master Deed and Paragraph 17 of the By Laws with the same force and effect as though I (we) were present and acting for myself (ourselves) and I (we) hereby ratify and confirm all that my said attorney-in-fact shall do by virtue hereof. This Power of Attorney shall not be affected by the fact that (I)(we) might become incompetent hereafter, but shall remain in full force and effect.

In witness whereof, (I)(we) hereunto set (my)(our) hand(s) this _____ day of _____, 19____.

GRANTEE

GRANTEE

State of New Jersey)ss:
County of Somerset)

I certify that on _____, 19____, _____, _____, and _____, personally came before me and acknowledged under oath, to my satisfaction that this person (or, if more than one, each person); (a) is named in and personally signed the Power of Attorney; and (b) signed, sealed and delivered this document as his or her act and deed.

NOTARY PUBLIC

K. HOVNANIAN AT BRIDGEWATER I, INC. to _____
CHARGE, RECORD & RETURN TO: _____

8276000

0002449 VHF

Located at: 10 Highway 35, P.O. Box 500
Red Bank, NJ 07701
Telephone: (201) 747-7800

(SHALL) (SHALL NOT) occupy the Premises as a Primary Residence.

TOTAL PURCHASE PRICE: \$ _____

The PAYMENT TERMS: INITIAL DEPOSIT \$_____. ON DATE ____/____/19____
ON SIGNING CONTRACT \$_____. BY DATE ____/____/19____
ADDITIONAL DEPOSIT \$_____. BY DATE ____/____/19____
and the BALANCE of \$_____. PAID BY CERTIFIED CHECK

FIFTEEN DAY NON-BINDING RESERVATION AGREEMENT

(BUYER) DATE

(BUYER) _____ DATE _____

K. Hovnanian at Bridgewater I, Inc.

(BUYER) _____ DATE _____

(SELLER) _____ DATE _____

(BUYER) DATE

Execution of both this Summary and the attached "FIFTEEN DAY NON-BINDING RESERVATION AGREEMENT" is required.

This Agreement shall consist of the terms set forth on this page, and the terms and conditions as set forth in the section titled: "TERMS AND CONDITIONS - PURCHASE AGREEMENT" attached. This section is not effective until signed and notice is given to you per the Fifteen Day Non-Binding Reservation Agreement if applicable.

(BUYER) _____ DATE _____

(BUYER) _____ DATE _____

K. Hovnanian at Bridgewater I, Inc.

(BUYER) _____ DATE _____

VICE-PRESIDENT DATE

(BUYER) _____ DATE _____

Execution of both this Summary and the attached "TERMS AND CONDITIONS -

TERMS AND CONDITIONS - PURCHASE AGREEMENT

1. **DEPOSITS**-All deposits shall be held in escrow in "Vanderhaven Farm, Village I Escrow Account" at First Fidelity Bank, 765 Broad Street, Newark, New Jersey Attn: Trust Department as escrow agent for K. Hovnanian at Bridgewater I, Inc. Deposit Escrow Account until closing or termination of this Contract, or until a bond or other guarantee acceptable to the Division of Housing and Development of the New Jersey Department of Community Affairs is provided. In no event shall the escrow be released prior to the expiration of the seven-day cancellation period. Interest accrued from such deposits shall belong to Seller and shall not be credited towards the purchase price.

2. **CLOSING CHARGES**-If this is a cash sale, and Buyer desires title search, title examination, title insurance policy, survey, or survey certification, Buyer will pay the costs for same which are estimated to be \$750.00. If this is a mortgage sale, Buyer will pay the expenses in the preceding sentence and also application fee, credit report, appraisal, mortgage title insurance and any fees or costs required by mortgagee. These fees expressly exclude escrows and prepaid charges incidental to a mortgage closing.

3. **ADJUSTMENT**-Taxes for the current year, municipal assessments, maintenance fees, utilities, water rent, sewer rent, and interest, if any, are to be apportioned as of the date of closing.

4. **CLOSING OF TITLE**-Closing of title is to take place immediately after completion of the unit at the time, date and place specified by Seller in notice to Buyer. The estimated completion date shall be as stated on SUMMARY OF BASIC PROVISIONS. Completion shall be evidenced by a Certificate of Occupancy issued by the Municipality. Neither Seller nor mortgagee supplies or pays for attorney for Buyer. Buyer may have his own attorney at Buyer's own expense. The Buyer will close title even if all site improvements and other improvements may not have been completed. By way of compliance with the Interstate Land Sales Act, the Seller states that this Agreement is for the sale of a condominium unit on improved land which the Seller, if there are no unanticipated circumstances totally outside of the control of the Seller, is obligated to erect that unit within a period of two years. If Buyer is unable or refuses to close on the date and the time specified by Seller as set forth above, at Seller's option, Seller may exercise its rights set forth in paragraph 12 below or have Buyer reimburse Seller at closing for the total reasonable carrying costs for postponing the closing to another time, date and place specified by Seller.

5. **TITLE**-Seller agrees to deliver a Bargain and Sale Deed with Covenants Against Grantor's Acts, Affidavit of Title, and Corporate Resolution at closing of title. Title shall be good and marketable such as will be insured at regular rates by a reputable title company. The willingness of General Land Abstract Company, as agent for First American Title Insurance Company, 1011 Route 22, Bridgewater, NJ 08807 (mailing address: P.O. Box 835, Somerville, NJ 08876) to insure title to the premises shall constitute good and marketable title. Buyer is not obligated to obtain title insurance from General Land Abstract Company.

6. **POSSESSION**-Possession will be given by delivery of the Deed upon completion of final closing and receipt of the full purchase price by the Seller as provided for in this Agreement, together with all closing costs.

7. **BUYER'S REPRESENTATION**-Buyer represents that he has received a copy of the Public Offering Statement, the Master Deed and Declaration of Restrictive and Protective Covenants and By-Laws (the "Documents") and that he will comply with the terms of the Documents.

8. **CHANGES IN PLANS**-Seller shall have the right to make substitution of materials, equipment or make design changes whenever Seller shall find it necessary or expedient in its absolute discretion, provided that such substitutions or changes are of equal or better quality. Furnishings, of course, are not included.

9. **FIRE AND OTHER CASUALTY**-The risk of loss or damage to the property by fire or otherwise until closing of title is on the Seller.

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10. MEMBERSHIP IN VANDERHAVEN FARM, VILLAGE I CONDOMINIUM ASSOCIATION-Buyer acknowledges this to be a subscription to membership in Vanderhaven Farm, Village I Condominium Association, Inc., (the "Association") which Association will provide supervision, fiscal and general maintenance and management for the recreation areas, common areas, and Association owned lands, including the assessing and collection of common expenses, together with the authority to promulgate rules and regulations as to the use of the recreational area and common areas of the development. At closing of title, Seller on behalf of the Association, shall collect a maintenance deposit in an amount equal to three (3) months estimated maintenance fees. This deposit will be administered in accordance with the Master Deed and the By Laws of the Association.

11. LICENSE-The Buyer does hereby authorize and grant to the Seller the irrevocable right to enter into, upon, over or under the premises for a period of two (2) years after the date of delivery of the Deed for the completion of construction, repair, emergency matters or pursuant to governmental order or requirement. This provision shall survive delivery of Deed.

12. DEFAULT OF BUYER-Should Buyer fail to make payments, violate any of the conditions or covenants or fail, for any reason, to close title according to the terms and conditions of this Agreement, the Buyer will be in default. If the Buyer is in default, the Seller may retain payments made by Buyer, but not more than 10% of the purchase price, plus the amount of any extras or changes installed by Seller. Seller will retain the money either on account of the purchase price or as liquidated damages. If Seller elects to retain money as liquidated damages, this contract shall become null and void. The Seller agrees to return to Buyer all remaining money upon execution and delivery by Buyer to Seller of a release of this Agreement.

13. DEFAULT OF SELLER-If Seller's title proves unmarketable, or if Seller does not construct, complete, or convey the dwelling unit referred to in this Agreement within six (6) months of the date specified on the Summary of Basic Provisions as the Estimated Completion Date due to any reason beyond the control of the Seller, either Seller or Buyer may elect to cancel this Agreement by serving written notice of cancellation upon the other party within fifteen (15) calendar days after the date which is six (6) months following the specified Estimated Completion Date. In the event that either party elects to cancel this Agreement as described in the preceding sentence, Seller's sole obligation shall be to return all deposit monies paid under this Agreement, without interest, and reimburse Buyer for reasonable out of pocket expenses for title search and survey actually expended, if any, and this contract shall become null and void. If neither party elects to cancel this Agreement as described in this paragraph, then this Agreement shall remain in full force and effect. The phrase "for any reason beyond the control of the Seller" is hereby defined as including but not limited to any governmental agency's imposition of a moratorium on construction or any such agency's failure to issue or its revocation or suspension of any permits and/or approvals necessary for the Seller to perform its obligation in accordance with the terms of this Agreement.

14. ASSIGNMENT-Buyer expressly agrees not to assign, sell or in any manner transfer this Agreement or any right, title and interest in this Agreement.

15. NO CLOUD ON TITLE-LIENS-If the property is subject to a mortgage or other lien at time of closing of title, the mortgage or other lien shall not constitute a title defect, but may be satisfied from the proceeds of sale.

16. DECORATOR SELECTIONS-Buyer agrees to make decorator selections, appliance and extra item selections when requested to do so by Seller. If Buyer fails to make such selections within the time period requested by Seller, Buyer hereby agrees that Seller shall make such selections for Buyer and Buyer agrees to accept such selections.

17. WARRANTIES-Seller shall warrant the construction to the Buyer as provided in the New Home Warranty Act. Seller also warrants the construction of the common facilities for a period of two (2) years from the date of completion of each of the common facilities and that the common facilities are fit for their intended use. Further, the Seller warrants the following to be free from defects due to material and workmanship for a

period of one (1) year from the date of closing: outbuildings, driveways, walkways and patios, retaining walls and fences, if any. Seller also warrants that all drainage is proper and adequate and that offsite improvements, if any, are free from defects for a period of one year from the date of construction. Except as stated in this Agreement, there are no other warranties, express or implied. In particular, there is no implied warranty of fitness for a particular purpose, nor is there any implied warranty of merchantability. While Seller maintains control of the executive board, he shall take no action which adversely affects a homeowner's rights under N.J.A.C. 5:25-5.5. Claims relative to defects in common elements shall be processed in accordance with N.J.A.C. 5:25-5.5.

18. ENTIRE AGREEMENT REPRESENTATIONS-This Agreement and any Riders attached to this writing and the Application for Registration which is on file with the New Jersey Division of Housing and Development contain the entire agreement between the parties. Any modification of this Agreement shall not be binding unless such modification shall be in writing and signed by both the Buyer and an officer of Seller. This Agreement shall be binding upon and inure to the benefit of the parties respective heirs, successors, administrators and executors. Neither this Agreement nor any document referencing this Agreement shall be recorded in any public office with violation of this provision being deemed a material default of this Agreement.

19. SITE VISITS-No Buyer nor contractor designated by the Buyer shall be allowed to do any work whatsoever in any home prior to closing of title. Insurance regulations preclude Buyer entry into homes under construction without being accompanied by a Builder Representative. Visits to a unit under construction are limited to one (1) visit except for the preoccupancy inspection (see paragraph 20, below) prior to closing of title and are not allowed after the commencement of the final finish stage of construction and shall not occur after 11:AM on any weekend day. (All visits shall be by appointment only.) It is expressly agreed that a breach of this paragraph shall constitute a default under this Agreement.

20. PREOCCUPANCY INSPECTION-Prior to closing of title, Seller will specify the time and date for a walk-through inspection of the property by Buyer. Those items which may be required to be completed or repaired in order to satisfy building code or Homeowners Warranty Corporation standards will be entered on a preoccupancy inspection report. The listed items will be repaired or completed as soon as possible after closing. Defects in painted surfaces, chipped porcelain, plumbing fixtures, kitchen appliances, countertops, carpeting, flooring, chipped tiles, screens, glass surfaces or similar defects not noted on this walk through for correction are excluded from the builder's responsibility. It is understood that the listed items shall not constitute a bar to closing of title, and that the closing of title will be held in accordance with this Agreement.

21. CHANGES IN PRICE-Buyer understands that Seller may offer similar units at prices higher or lower than this unit's purchase price.

22. MORTGAGE CONTINGENCY-Only if an amount is filled in on the SUMMARY OF BASIC PROVISIONS for MORTGAGE AMOUNT and Buyer uses r.e. Scott mortgage company for the mortgage financing needed shall this paragraph 22 be applicable. In the event Buyer does not use r.e. Scott mortgage company for the mortgage financing, then this Purchase Agreement shall be in full force and effect without any mortgage contingency.

Buyer represents to Seller that he is in need of a mortgage to complete this transaction. The Buyer shall make immediate application to r.e. Scott mortgage company for, and this Agreement is contingent upon Buyer obtaining, a written mortgage commitment no later than the Mortgage Contingency date stated in the SUMMARY OF BASIC PROVISIONS, for not more than the mortgage amount stated in the SUMMARY OF BASIC PROVISIONS at the prevailing rate of interest based upon a payment term of not less than 30 years. The mortgage obtained may be any type of mortgage in use in the State of New Jersey, including, but not limited to, what is usually known as "negative amortization" or "deferred interest" type mortgage loans. The term "prevailing rate of interest" is defined to mean the rate charged by any lender or lenders doing business in Somerset County. The Buyer shall timely comply with the requests of the mortgage lender in order to determine if Buyer qualifies for such mortgage loan. Buyer shall not withdraw any loan application and shall pay any and all fees and charges in

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connection with such application. In the event that Buyer receives a mortgage commitment containing conditions or contingencies for which Buyer is responsible, it shall be the Buyer's obligation to satisfy such conditions or contingencies so that closing of title can take place in accordance with paragraph 4 of this Agreement. Failure of Buyer to satisfy such conditions or contingencies shall be deemed a default by Buyer. If Buyer's purchase is contingent upon Buyer receiving a mortgage commitment and Buyer receives a mortgage commitment containing the contingency that Buyer must sell or lease Buyer's present residence or property, and Buyer fails to satisfy such contingency and subsequently fails to complete the purchase of the unit in accordance with this Agreement, then Buyer shall be in default of this Agreement. If Buyer does not notify Seller in writing by the Mortgage Contingency date stated in SUMMARY OF BASIC PROVISIONS that a mortgage commitment has not been received, the agreement to purchase the premises shall be in full force and effect without any mortgage contingency. If the Buyer does notify the Seller in writing by the Mortgage Contingency date stated in SUMMARY OF BASIC PROVISIONS that a mortgage commitment has not been received, then Buyer, at the same time, shall also provide Seller with proof that Buyer timely made application for a mortgage commitment and proof that such mortgage application was either denied or still awaiting determination. Seller may then elect either (1) to return all the deposit monies without interest and cancel this Agreement, or (2) to direct Buyer to apply for a mortgage commitment consistent with the term, amount, and interest rate criteria as set forth above at a lending institution selected by Seller, and Buyer agrees to execute all documents and timely comply with all reasonable requests of such lender, and pay all reasonable fees and costs in connection with this application, or (3) Seller may take back a purchase money mortgage from the Buyer at the then prevailing rate of interest. In the event the mortgage commitment is not obtained within 60 days from the date of application or Seller elects not to take back a mortgage, Seller shall return all deposit monies to the Buyer without interest and this Agreement shall be of no further effect.

23. INSULATION-In compliance with Federal Trade Commission Regulations Rule 16 C F R Part 460, the following information concerning insulation in your Vanderhaven Farm, Village I home is furnished. (A) The builder installs fiberglass batt type of insulation which is manufactured to have an R value of R-13 in outside walls and R-30 in ceilings below attic space and R-11 between floors. Insulation is not installed between lower and upper floors of townhouse models. (B) The builder installs vertical and horizontal 1" X 2' rigid foam perimeter insulation inside the foundation. The Combined R value of outside wall assembly at the insulation cavity is R-14 where applicable. The primary entrance door is an insulated steel sheathed door and is fully weather stripped. Windows and sliding doors are dual glazed thermo break equipped units. Anti air infiltration measures taken include the installation of a sill seal at all slab and exterior wall interfaces. (C) The manufactured thickness of the above types of insulation is as follows: R-13 fiberglass batt - 3 5/8"; R-11 fiberglass batt - 3 1/2"; R-30 fiberglass batt - 9"; rigid foam perimeter foundation insulation - 1".

24. AFFORDABLE UNITS-Vanderhaven Farm, Village I includes sixty-nine (69) residential dwellings which are subject to an Affordable Housing Plan. These affordable units have deed restrictions which will limit their resale price. The affordable units will pay thirty-three and one-third (33 1/3%) percent of the total individual unit assessment which would have been levied upon all condominium units in Vanderhaven Farm, Village I had such assessment been allocated equally to each and every condominium unit both market and affordable. The owners or residents of the affordable units will be entitled to the same rights and subject to the same rules and regulations, except as provided for in the Master Deed and By Laws for Vanderhaven Farm, Village I, as the owners or residents of the market units.

25. Buyer understands that the Seller is seeking to limit the number of non-owner occupied unit purchasers to 20%. Buyers who do not intend to occupy the unit as their primary residence shall be required to deposit 20% of the total purchase price at time of contract execution, while Buyers who intend to occupy the unit as their primary residence shall deposit 5% of the total purchase price at contract execution. Any misrepresentation by prospective purchasers as to their status, i.e., primary resident homebuyer vs. non-primary resident homebuyer, shall be considered a material breach of the contract due to Seller's reliance thereon, and shall constitute a default and shall result in the forfeiture of all deposits up to 10% of the

total purchase price in addition to 100% of options and upgrades installed as liquidated damages and the contract shall be null and void.

For this Purchase Agreement to be operative, the following affidavit must be fully completed, executed and notarized.

State of New Jersey) ss.
County of Somerset)

I, the undersigned Buyer(s), being duly sworn upon my oath under law, hereby state that the unit referenced herein (will) (will not) be occupied as their primary residence upon closing of title. Any misrepresentation by the undersigned Buyer(s) as to this fact shall be a material breach of the within Agreement and shall constitute a default and shall result in the forfeiture of all deposits up to 10% of the total purchase price in addition to 100% of options and upgrade installed as liquidated damages and the contract shall be null and void.

Sworn to and subscribed before me on Buyer: _____
this ____ day of _____, 1987.

Buyer: _____

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year written below.

BUYER ACKNOWLEDGES RECEIPT OF A COPY OF THE PUBLIC OFFERING STATEMENT.

NOTICE TO PURCHASERS

YOU HAVE THE RIGHT TO CANCEL A CONTRACT OR AGREEMENT BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH IT IS EXECUTED. SUCH CANCELLATION IS WITHOUT PENALTY, AND ALL MONIES PAID SHALL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

K. HOVNANIAN AT BRIDGEWATER I, INC.

BUYER _____ DATE _____ BY: _____ VICE-PRESIDENT DATE _____

BUYER _____ DATE _____

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Form No. 647 (9/73)
 ALTA Owner's Policy
 Form B - 1970
 (Amended 10-17-70)

SAMPLE OWNER'S POLICY

FIRST AMERICAN

No. TBA

POLICY OF TITLE INSURANCE

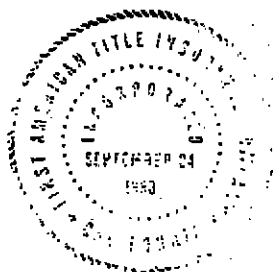
ISSUED BY

First American Title Insurance Company

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

1. title to the estate or interest described in Schedule A being vested otherwise than as stated therein;
2. any defect in or lien or encumbrance on such title;
3. lack of a right of access to and from the land; or
4. unmarketability of such title.

IN WITNESS WHEREOF, First American Title Insurance Company has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.



First American Title Insurance Company

BY *[Signature]* PRESIDENT

ATTEST *William G. Zappella* SECRETARY

BY *William A. Shover* COUNTERSIGNED



General Land Abstract Company
 32 Nassau Street
 P.O. Box 1151
 Princeton, NJ 08542
 (609) 924-6970

Agent for.

First American Title Insurance Company

SCHEDULE OF EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY:

1. ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING ORDINANCES) RESTRICTING OR REGULATING OR PROHIBITING THE OCCUPANCY, USE OR ENJOYMENT OF THE LAND, OR REGULATING THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND, OR PROHIBITING A SEPARATION IN OWNERSHIP OR A REDUCTION IN THE DIMENSIONS OR AREA OF THE LAND, OR THE EFFECT OF ANY VIOLATION OF ANY SUCH LAW, ORDINANCE OR GOVERNMENTAL REGULATION.
2. RIGHTS OF EMINENT DOMAIN OR GOVERNMENTAL RIGHTS OF POLICE, UNLESS NOTICE OF THE EXERCISE OF SUCH RIGHTS APPEARS IN THE PUBLIC RECORDS AT DATE OF POLICY.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS, OR OTHER MATTERS (a) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT; (b) NOT KNOWN TO THE COMPANY AND NOT SHOWN BY THE PUBLIC RECORDS BUT KNOWN TO THE INSURED CLAIMANT EITHER AT DATE OF POLICY OR AT THE DATE SUCH CLAIMANT ACQUIRED AN ESTATE OR INTEREST INSURED BY THIS POLICY AND NOT DISCLOSED IN WRITING BY THE INSURED CLAIMANT TO THE COMPANY PRIOR TO THE DATE SUCH INSURED CLAIMANT BECAME AN INSURED HEREUNDER; (c) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT; (d) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR (e) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company may have had against the named insured, those who succeed to the interest of such insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage hereunder.

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.

(d) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": those records which by law impart constructive notice of matters relating to said land.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured so long as such insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

3. DEFENSE AND PROSECUTION OF ACTIONS - NOTICE OF CLAIM TO BE GIVEN BY AN INSURED CLAIMANT

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an

insured in all litigation consisting of actions or proceedings commenced against such insured, or a defense interposed against an insured in an action to enforce a contract for a sale of the estate or interest in said land, to the extent that such litigation is founded upon an alleged defect, lien, encumbrance, or other matter insured against by this policy.

(b) The insured shall notify the Company promptly in writing (i) in case any action or proceeding is begun or defense is interposed as set forth in (a) above, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as insured, and the Company may take any appropriate action under the terms of this policy, whether or not it shall be liable thereunder, and shall not thereby concede liability or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse such insured for any expense so incurred.

4. NOTICE OF LOSS - LIMITATION OF ACTION

In addition to the notices required under paragraph 3(b) of these Conditions and Stipulations, a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within 90 days after such loss or damage shall have been determined and no right of action shall accrue to an insured claimant until 30 days after such statement shall have been furnished. Failure to furnish such statement of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

5. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS

The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment, by the insured claimant and authorized by the Company.

6. DETERMINATION AND PAYMENT OF LOSS

(a) The liability of the Company under this policy shall in no case exceed the least of:

- (i) the actual loss of the insured claimant; or
- (ii) the amount of insurance stated in Schedule A.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried on by such insured with the written authorization of the Company.

(c) When liability has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

(Continued on inside back cover)

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SAMPLE OWNER'S POLICY

Attached to and forming a part
of Policy No. TBA

This policy is hereby amended by deleting therefrom Exclusions from Coverage Nos. 1 and 2 substituting in lieu thereof the following:

1. (a) Governmental police power.
- (b) Any law, ordinance of governmental regulation relating to environmental protection.
- (c) Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvements now or hereafter erected on the land, or prohibiting a separation in ownership or a change in the dimension or area of the land or any parcel of which the land is or was a part.
- (d) The effect of any violation of the matters excluded under (a), (b) or (c) above, unless notice of a defect, lien or encumbrance resulting from a violation has been recorded at Date of Policy in those records in which under state statutes deeds, mortgages, lis pendens, liens or other title encumbrances must be recorded in order to impart constructive notice to purchasers of the land for value and without knowledge; provided, however, that without limitation, such records shall not be construed to include records in any of the offices of federal, state or local environmental protection, zoning, building, health or public safety authorities.
2. Rights of eminent domain unless notice of the exercise of such rights appears in the public records at Date of Policy.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsement, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

FIRST AMERICAN TITLE INSURANCE COMPANY

William A. Slower

AUTHORIZED SIGNATURE

New Jersey - Interim Policy
Endorsement - ALTA
Revisions of 3-3--84 and 10-17-84

NJRB 5-16

FIRST AMERICAN

SAMPLE OWNER'S POLICY

ALTA Owner's Policy
Form B - 1970-M
81623P
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SCHEDULE A

Policy No. TBA Date of Policy TBA Amount \$ TBA

INSURED

TBA

1. Title to the estate or interest covered by this policy at the date hereof is vested in the Insured.
Deed from K. Hovnanian at Bridgewater I, Inc., a New Jersey corporation, dated _____, recorded _____, in Deed Book _____, Page _____.
2. The estate or interest in the land described or referred to in this Schedule covered by this policy is Fee Simple
3. The land referred to in this policy is situated in the State of New Jersey, County of Somerset, Township of Bridgewater and is described as follows:
Being known and designated as Unit No. _____ in Building No. _____ in Vanderhaven Farm, Village I, a Condominium, situate in the Township of Bridgewater, County of Somerset, State of New Jersey, together with an undivided _____ percentage interest in the common elements appurtenant thereto, in accordance with and subject to the terms, conditions, covenants, restrictions, limitations, and provisions of the Master Deed for Vanderhaven Farm, Village I, a Condominium recorded on _____, in Deed Book _____, Page _____, and any amendments thereto, as the same may now or hereafter be lawfully amended.

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SAMPLE OWNER'S POLICY
ALTA Owner's/Loan Policy

SCHEDULE B

Policy No. TBA

This policy does not insure against loss or damage by reason of the following:

- OMIT 1. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises.
See Survey Endorsement Attached
2. Rights of others in and to railroad tracks and siding abutting the westerly portion of subject premises.
3. Sewer easement recorded in Deed Book 1235, page 428.
4. Utility easement recorded in Lease and Agreement Book 3, Page 263, Lease and Agreement Book 3, Page 283, and Deed Book Z10, Page 87.
5. Declaration of Taking recorded in Deed Book 1235, Page 580, sewer easement.
6. Rights of public in and to so much of the premises as lies within the bed of VanderVeer Road.
7. Rights of others in and to pond, stream, and water courses which traverse the subject premises.
8. Subject to roll-back taxes as set forth under the Farmland Assessment Act of 1964.
9. Terms, conditions, covenants, restrictions, limitations and provisions as set forth in the Master Deed and By-Laws for Vanderhaven Farm, Village 1, a Condominium, recorded _____ in Deed Book _____, Page _____, and any amendments thereto, as the same may now or hereafter be lawfully amended.
10. TAXES: Certified as paid through _____ quarter 198____. Subject to added taxes for additional construction or improvements, if any, pursuant to Chapter 397 of the Laws of 1941, amendments and supplements thereto.
11. Stream Encroachment Easement as set forth in Miscellaneous Book 5, Page 61.
(Continued)

Countersigned

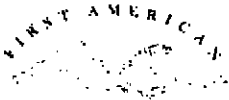
Authorized Signatory

SAMPLE OWNER'S POLICY

(continued)

12. Mortgage made by _____ to _____,
for \$ _____ and interest, dated _____,
recorded _____, in Mortgage Book _____ Page
_____.

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SAMPLE OWNER'S POLICY

FIRST AMERICAN TITLE INSURANCE COMPANY

SURVEY ENDORSEMENT

File No. 81623P

Attached to Policy No. TBA

Exception number 1 in Schedule B of this policy is hereby deleted and the following is substituted therefor:

Certificate

1. Based upon a survey made by TBA dated TBA the Company hereby insured against loss or damage which the insured shall sustain by reason of any encroachments, overlaps, boundary line disputes or easements, except as follows:

The above survey certificate shows the Unit and Building to be in conformity with the plans on file in the Master Deed for Vanderhaven Farm, a Condominium, recorded in the Somerset County Clerk's Office on _____ in Deed Book _____, Page _____, and any amendments thereto, as the same may now or hereafter be lawfully amended.

This endorsement is made a part of the policy or commitment and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy or commitment and prior endorsements if any, nor does it extend the effective date of the policy or commitment and prior endorsements or increase the face amount thereof.

Dated: TBA

Countersigned:

By William A. Shaw
Officer or Validating Agent.

SAMPLE OWNER'S POLICY

CONDITIONS AND STIPULATIONS

(Continued from inside front cover)

7. LIMITATION OF LIABILITY

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily assumed by an insured in settling any claim or suit without prior written consent of the Company.

8. REDUCTION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company.

9. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring either (a) a mortgage shown or referred to in Schedule B hereof which is a lien on the estate or interest covered by this policy, or (b) a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy. The Company shall have the option to apply to the payment of any such mortgages any amount that otherwise would be payable hereunder to the insured owner of the estate or interest covered by this policy and the amount so paid shall be deemed a payment under this policy to said insured owner.

10. APPORTIONMENT

If the land described in Schedule C consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of said parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each such parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement herein or by an endorsement attached hereto.

11. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and if requested by the Company, such insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation and shall permit the Company to use the name of such insured claimant in any transaction or litigation involving such rights or remedies. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss. If loss should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

12. LIABILITY LIMITED TO THIS POLICY

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

13. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at its main office at 421 North Main Street, Santa Ana, California, or to the office which issued this policy.

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POLICY OF TITLE INSURANCE

FIRST AMERICAN

First American Title Insurance Company

HOME OFFICE: SANTA ANA CALIFORNIA

SAMPLE LOAN POLICY

Form No. FA NJ 15 Rev. 7/79
ALTA Loan Policy - 1970 with
ALTA Indorsement - Form 1 coverage

FIRST AMERICAN

POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

1. title to the estate or interest described in Schedule A being vested otherwise than as stated therein;
2. any defect in or lien or encumbrance on such title;
3. lack of a right of access to and from the land;
4. unmarketability of such title;
5. the invalidity or unenforceability of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity or unenforceability, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
 - a. usury, or
 - b. any consumer credit protection or truth in lending law;
6. the priority of any lien or encumbrance over the lien of the insured mortgage;
7. any statutory lien for labor or material which now has gained or hereafter may gain priority over the lien of the insured mortgage, except any such lien arising from an improvement on the land contracted for and commenced subsequent to Date of Policy not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
8. the invalidity or unenforceability of any assignment, shown in Schedule A, of the insured mortgage or the failure of said assignment to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

IN WITNESS WHEREOF, First American Title Insurance Company has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.



General Land Abstract Company
32 Nassau Street
P.O. Box 1151
Princeton, NJ 08542
(609) 924-6970

Agent for

*First American Title Insurance Company**First American Title Insurance Company*

BY

J. J. Kennedy

PRESIDENT

ATTEST

William C. Zappin

SECRETARY

BY

William A. Sloan

COUNTERSIGNED

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SCHEDULE OF EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY:

1. ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING ORDINANCES) RESTRICTING OR REGULATING OR PROHIBITING THE OCCUPANCY, USE OR ENJOYMENT OF THE LAND, OR REGULATING THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND, OR PROHIBITING A SEPARATION IN OWNERSHIP OR A REDUCTION IN THE DIMENSIONS OR AREA OF THE LAND, OR THE EFFECT OF ANY VIOLATION OF ANY SUCH LAW, ORDINANCE OR GOVERNMENTAL REGULATION.
2. RIGHTS OF EMINENT DOMAIN OR GOVERNMENTAL RIGHTS OF POLICE POWER UNLESS NOTICE OF THE EXERCISE OF SUCH RIGHTS APPEARS IN THE PUBLIC RECORDS AT DATE OF POLICY.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS, OR OTHER MATTERS (a) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT; (b) NOT KNOWN TO THE COMPANY AND NOT SHOWN BY THE PUBLIC RECORDS BUT KNOWN TO THE INSURED CLAIMANT EITHER AT DATE OF POLICY OR AT THE DATE SUCH CLAIMANT ACQUIRED AN ESTATE OR INTEREST INSURED BY THIS POLICY OR ACQUIRED THE INSURED MORTGAGE AND NOT DISCLOSED IN WRITING BY THE INSURED CLAIMANT TO THE COMPANY PRIOR TO THE DATE SUCH INSURED CLAIMANT BECAME AN INSURED HEREUNDER; (c) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT; (d) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO ANY STATUTORY LIEN FOR LABOR OR MATERIAL OR THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY).
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF FAILURE OF THE INSURED AT DATE OF POLICY OR OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS TO COMPLY WITH APPLICABLE "DOING BUSINESS" LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A. The term "insured" also includes (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of such indebtedness (reserving, however, all rights and defenses as to any such successor who acquires the indebtedness by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin or corporate or fiduciary successors that the Company would have had against the successor's transferor), and further includes (ii) any governmental agency or instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing said indebtedness, or any part thereof, whether named as an insured herein or not, and (iii) the parties designated in paragraph 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage hereunder.

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.

(d) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": those records which by law impart constructive notice of matters relating to said land.

2. (a) CONTINUATION OF INSURANCE AFTER ACQUISITION OF TITLE

This policy shall continue in force as of Date of Policy in favor of an insured who acquires all or any part of the estate or interest in the land described in Schedule A by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage, and if the insured is a corporation, its transferee of the estate or interest so acquired,

provided the transferee is the parent or wholly owned subsidiary of the insured; and in favor of any governmental agency or instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage; provided that the amount of insurance hereunder after such acquisition, exclusive of costs, attorneys' fees and expenses which the Company may become obligated to pay, shall not exceed the least of:

(i) the amount of insurance stated in Schedule A;

(ii) the amount of the unpaid principal of the indebtedness as defined in paragraph 8 hereof, plus interest thereon, expenses of foreclosure and amounts advanced to protect the lien of the insured mortgage and secured by said insured mortgage at the time of acquisition of such estate or interest in the land; or

(iii) the amount paid by any governmental agency or instrumentality, if such agency or instrumentality is the insured claimant, in the acquisition of such estate or interest in satisfaction of its insurance contract or guaranty.

(b) CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured so long as such insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

3. DEFENSE AND PROSECUTION OF ACTIONS - NOTICE OF CLAIM TO BE GIVEN BY AN INSURED CLAIMANT

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an insured in all litigation consisting of actions or proceedings commenced against such insured, or defenses, restraining orders or injunctions interposed against a foreclosure of the insured mortgage or a defense interposed against an insured in an action to enforce a contract for a sale of the indebtedness secured by the insured mortgage, or a sale of the estate or interest in said land, to the extent that such litigation is founded upon an alleged

defect, lien, encumbrance, or other matter insured against by this policy.

(b) The insured shall notify the Company promptly in writing (i) in case any action or proceeding is begun or defense or restraining order or injunction is interposed as set forth in (a) above (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, and the Company may take any appropriate action under the terms of this policy, whether or not it shall be liable thereunder, and shall not thereby concede liability or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse such insured for any expense incurred.

(Continued on inside back cover)

SAMPLE LOAN POLICY

Attached to and forming a part
of Policy No. TBA

This policy is hereby amended by deleting therefrom Exclusions from Coverage Nos. 1 and 2 substituting in lieu thereof the following:

1. (a) Governmental police power.
- (b) Any law, ordinance of governmental regulation relating to environmental protection.
- (c) Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvements now or hereafter erected on the land, or prohibiting a separation in ownership or a change in the dimension or area of the land or any parcel of which the land is or was a part.
- (d) The effect of any violation of the matters excluded under (a), (b) or (c) above, unless notice of a defect, lien or encumbrance resulting from a violation has been recorded at Date of Policy in those records in which under state statutes deeds, mortgages, lis pendens, liens or other title encumbrances must be recorded in order to impart constructive notice to purchasers of the land for value and without knowledge; provided, however, that without limitation, such records shall not be construed to include records in any of the offices of federal, state or local environmental protection, zoning, building, health or public safety authorities.
2. Rights of eminent domain unless notice of the exercise of such rights appears in the public records at Date of Policy.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsement, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

FIRST AMERICAN TITLE INSURANCE COMPANY

William A. Slower

AUTHORIZED SIGNATURE

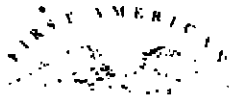
New Jersey - Interim Policy
Endorsement - ALTA
Revisions of 3-3--84 and 10-17-84

NJRB 5-16

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SAMPLE LOAN POLICY

ALTA Loan Policy - 1970

Form 1 - M

GLA 81623P

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SCHEDULE A

Policy No. TBA

Date of
Policy TBA

Amount \$ TBA

INSURED

TBA

1. Title to the estate or interest covered by this policy at the date hereof is vested in
TBA

2. The estate or interest in the land described or referred to in this Schedule
covered by this policy is Fee Simple

3. The mortgage and assignments, if any, covered by this policy are described as follows:

Mortgage made by _____ to _____, for \$ _____
and interest, dated _____, recorded _____, in Mortgage Book
_____ Page _____.

4. The land referred to in this policy is situated in the State of New Jersey
County of Somerset, Township of Bridgewater and is described as
follows:

Land as described in the mortgage set forth in Item #3 of Schedule A, which
mortgage is recorded in Mortgage Book _____ Page _____.

SAMPLE LOAN POLICY

ALTA Owner's/Loan Policy

SCHEDULE B

Policy No. TBA

This policy does not insure against loss or damage by reason of the following:

1. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises.
- See Survey Endorsement Attached
2. Rights of others in and to railroad tracks and siding abutting the westerly portion of subject premises.
3. Sewer easement recorded in Deed Book 1235, page 428.
4. Utility easement recorded in Lease and Agreement Book 3, Page 263, Lease and Agreement Book 3, Page 283, and Deed Book 210, Page 87.
5. Declaration of Taking recorded in Deed Book 1235, Page 580, sewer easement.
6. Rights of public in and to so much of the premises as lies within the bed of VanderVeer Road.
7. Rights of others in and to pond, stream, and water courses which traverse the subject premises.
8. Subject to roll-back taxes as set forth under the Farmland Assessment Act of 1964.
9. Terms, conditions, covenants, restrictions, limitations and provisions as set forth in the Master Deed and By-Laws for Vanderhaven Farm, Village 1, a Condominium, recorded _____ in Deed Book _____, Page _____, and any amendments thereto, as the same may now or hereafter be lawfully amended.
10. TAXES: Certified as paid through _____ quarter 198____. Subject to added taxes for additional construction or improvements, if any, pursuant to Chapter 397 of the Laws of 1941, amendments and supplements thereto.
11. Stream Encroachment Easement as set forth in Miscellaneous Book 5, Page 61.

Countersigned

William A. Brown

Authorized Signatory

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SAMPLE LOAN POLICY

ALTA Loan Policy - 1970

Form 1 - M



SCHEDULE B

Part II

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule C is subject to the following matters, if any be shown, but the Company insures that such matters are subordinate to the lien or charge of the insured mortgage upon said estate or interest:

NONE

SAMPLE LOAN POLICY

ALTA Loan Policy - 1970

Form 1 - M

SCHEDULE B

Part II

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule C is subject to the following matters, if any be shown, but the Company insures that such matters are subordinate to the lien or charge of the insured mortgage upon said estate or interest:

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SAMPLE LOAN POLICY

FIRST AMERICAN

FIRST AMERICAN TITLE INSURANCE COMPANY

SURVEY ENDORSEMENT

File No. 81623P

Attached to Policy No. TBA

Exception number 1 in Schedule B of this policy is hereby deleted and the following is substituted therefor:

Certificate

1. Based upon a survey made by TBA dated TBA The Company hereby insured against loss or damage which the insured shall sustain by reason of any encroachments, overlaps, boundary line disputes or easements, except as follows:

The above survey certificate shows the Unit and Building to be in conformity with the plans on file in the Master Deed for Vanderhaven Farm, a Condominium, recorded in the Somerset County Clerk's Office on _____ in Deed Book _____, Page _____, and any amendments thereto, as the same may now or hereafter be lawfully amended.

This endorsement is made a part of the policy or commitment and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy or commitment and prior endorsements if any, nor does it extend the effective date of the policy or commitment and prior endorsements or increase the face amount thereof.

Dated: TBA

Countersigned:

By

William A. Slone

Officer or Validating Agent

SAMPLE LOAN POLICY

CONDITIONS AND STIPULATIONS

(Continued from inside front cover)

4. NOTICE OF LOSS - LIMITATION OF ACTION

In addition to the notices required under paragraph 3(b) of these Conditions and Stipulations, a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within 90 days after such loss or damage shall have been determined and no right of action shall accrue to an insured claimant until 30 days after such statement shall have been furnished. Failure to furnish such statement of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

5. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS

The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment by the insured claimant and authorized by the Company. In case loss or damage is claimed under this policy by an insured, the Company shall have the further option to purchase such indebtedness for the amount owing thereon together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay. If the Company offers to purchase said indebtedness as herein provided, the owner of such indebtedness shall transfer and assign said indebtedness and the mortgage and any collateral securing the same to the Company upon payment therefor as herein provided.

6. DETERMINATION AND PAYMENT OF LOSS

(a) The liability of the Company under this policy shall in no case exceed the least of:

- (i) the actual loss of the insured claimant; or
- (ii) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in paragraph 2(a) hereof; or
- (iii) the amount of the indebtedness secured by the insured mortgage as determined under paragraph 8 hereof, at the time the loss or damage insured against hereunder occurs, together with interest thereon; or

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried

on by such insured with the written authorization of the Company.

(c) When liability has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

7. LIMITATION OF LIABILITY

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily assumed by an insured in settling any claim or suit without prior written consent of the Company.

8. REDUCTION OF LIABILITY

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2(a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder except to the extent that such payments reduce the amount of the indebtedness secured by the insured mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in paragraph 2(a) hereof.

(b) The liability of the Company shall not be increased by additional principal indebtedness created subsequent to Date of Policy, except as to amounts advanced to protect the lien of the insured mortgage and secured thereby.

No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

9. LIABILITY NONCUMULATIVE

If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

10. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant, except that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by the insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the insured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and if requested by the Company, such insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation and shall permit the Company to use the name of such insured claimant in any transaction or litigation involving such rights or remedies. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to the insured mortgage. If loss of priority should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

11. LIABILITY LIMITED TO THIS POLICY

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

12. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at its main office at 421 North Main Street, Santa Ana, California, or to the office which issued this policy.

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POLICY OF TITLE INSURANCE

FIRST AMERICAN

First American Title Insurance Company

HOME OFFICE: SANTA ANA CALIFORNIA



**HOME OWNERS
WARRANTY CORPORATION**

**LIMITED WARRANTY
AND
APPROVED STANDARDS
MULTI-FAMILY PROGRAM**

00000004

**LIMITED WARRANTY
HOME OWNERS WARRANTY CORPORATION**
2000 L Street, N.W.
Washington, D.C. 20036

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Identity of Warrantor. Your Builder/Developer is the Warrantor under this Limited Warranty ("the warranty"). Home Owners Warranty Corporation ("HOW") developed the Warranty Program under which this Warranty is issued and administers the Program. The performance of your Builder/Developer under this Warranty is backed by an insurance policy. The Home Warranty and Major Structural Defect Coverage Certificate of Enrollment ("the Certificate") provided to your Association by your Builder/Developer is your proof of the Builder's insurance.

To Whom Given. This Warranty is extended to purchasers of units, individually and collectively as an Association, for the coverage listed in this Warranty. The Commencement Date of the Warranty on the Common Elements began at date of transfer of title to the first unit purchaser and enrollment of the structure as shown on the Cover Page of the Certificate provided to the Association. The Unit's Warranty Commencement Date is as shown on the individual Unit's Certification. The Warranty is extended to the initial purchaser and automatically to any subsequent owners of each individual unit during the two year term of the Warranty.

Coverage During First Year

Individual Units. Your Builder/Developer warrants that for one year, beginning on the Unit's Warranty Commencement Date, the Unit will be free from defects due to non-compliance with the Approved Standards made a part of this booklet. "Approved Standards" consist of locally accepted building codes and performance standards which describe the Builder/Developer's obligation for specific defects under this warranty.

Common Elements. Your Builder/Developer warrants that for one year, beginning on the Common Elements Commencement Date, the Common Elements will be free from defects due to non-compliance with the Approved Standards made a part of this booklet, and the building will be free from "Major Structural Defects" (See Definitions.)

NOTE: New buildings, no matter how carefully constructed, go through a period of normal settlement and shrinkage. During this period, hairline cracks, some wood shrinkage and warping and other minor matters may occur, much of which is unavoidable. Your Builder/Developer or HOW assumes no responsibility for these minor defects.

Coverage During Second Year

Individual Units. The Builder/Developer warrants that during the second year after the Unit's Warranty Commencement Date, the parts of the plumbing, heating, cooling, ventilating and electrical systems located within the Unit (exclusive of fixtures, appliances or items of equipment) will be free from defects due to non-compliance with the Approved Standards. Defects in fixtures, appliances and items of equipment are not covered. (See Definitions.)

Common Elements. The Builder/Developer warrants that during the second year after the Common Elements Commencement Date that:

1. the building will be free from "Major Structural Defects;" and
2. the Common Elements plumbing, heating, cooling, ventilating and electrical systems, exclusive of fixtures, appliances or items of equipment (see Definitions), will be free from defects due to non-compliance with the Approved Standards. Defects in fixtures, appliances and items of equipment are not covered (see Definitions).

Definitions

Individual Units: "Individual Units" means the dwelling spaces, enclosed by common elements, which are conveyed:

1. as the right to occupy under a cooperative regime; or
2. as individual fee ownership under a condominium regime.

Home Owners Warranty Corp., 1982
Revised 5/85

Common Elements: "Common Elements" means the structure, components of enclosure and any portions of the building (including, but not limited to corridors, lobbies, vertical transportation elements, rooms or other spaces) which are provided for use in common by the residents of the structure, with free or limited access, and limited access balconies. "Common Elements" also means plumbing, heating, cooling, ventilating and electrical systems serving two or more units, and outbuildings containing parts of such systems.

Coverage under this Warranty on commercial spaces, leased units and leased common element spaces for other than residential purposes, is limited to the structural elements of such spaces that provide support to the overall structure.

Association: "Association" means the individual unit owners collectively or the governing body or entity.

Appliances, Fixtures and Equipment: "Appliances, Fixtures and Equipment" (including their fittings, attachments, controls and appurtenances) shall include, but not be limited to:

furnaces, boilers, oil tanks and fittings, humidifiers, air purifiers, air handling equipment, ventilating fans, air conditioning equipment, water heaters, pumps, stoves, refrigerators, garbage disposals, compactors, dishwashers, automatic door openers, washers and dryers, bathtubs, sinks, toilets, faucets and fittings, lighting fixtures, and circuit breakers. The initial Warranty coverage period for appliances, fixtures and equipment (including their fittings, attachments, controls and appurtenances) is one year, regardless of manufacturers' warranties on specific items. The Warranty and manufacturers' warranties, however, may be voided by the owner's negligence or improper maintenance or service.

Systems: "Systems" (exclusive of appliances, fixtures and equipment, as specified above) means the following:

1. **Plumbing Systems**—gas supply lines and fittings, and water supply, waste and vent pipes and their fittings; septic tanks and their field drains; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.
2. **Electrical System**—all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.
3. **Heating, Ventilating, Cooling and Mechanical Systems**—all ductwork, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

Major Structural Defect. A "Major Structural Defect" is actual physical damage to the following designated load-bearing elements of the building caused by failure of such load-bearing elements which affects their load-bearing functions to the extent that the building becomes unsafe, unsanitary or otherwise unlivable:

- | | |
|-------------------------------------|--------------------------|
| 1. Foundation systems and footings; | 5. Columns; |
| 2. Beams; | 6. Walls and partitions; |
| 3. Girders; | 7. Floor systems; and |
| 4. Lintels; | 8. Roof framing systems. |

Repair of a Major Structural Defect is limited (1) to the repair of damage to the load-bearing elements themselves which is necessary to restore their load-bearing ability; and (2) to the repair of those items damaged by the Major Structural Defect which make the home unsafe, unsanitary or otherwise unlivable.

Remedy. If a defect occurs in an item which is covered by this Warranty, the Builder/Developer will repair, replace or pay the reasonable cost of repairing or replacing the defective item. The choice among repair, replacement or payment is solely that of the Builder's/Developer's.

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The Builder/Developer has arranged for insurance to respond on his behalf if he cannot or does not perform under this Warranty. In such an event, HOW Insurance Company (Insurer) will meet the Builder's/Developer's warranty obligation, up to the limit of liability as described in the Certificate of Enrollment. Steps taken to correct defects shall not act to extend the time on individual Unit Warranties or the time of Warranty on the Common Elements.

Other Insurance or Warranties. In the event the Builder/Developer or the Insurer repairs or replaces or pays the reasonable cost of repairing or replacing any defect covered by this Warranty which is covered by other insurance or warranties, the unit owners or the Association must, upon request by the Builder/Developer or the Insurer, assign the proceeds of such insurance or warranties to the Builder/Developer or the Insurer to the extent of the cost to the Builder/Developer or the Insurer of such repair, replacement or payment.

Other Rights. This Warranty gives specific legal rights to unit owners individually, or collectively as an Association. Other legal rights, which vary from state to state, may also be available. This Warranty does not affect the rights of any unit owner or the Builder/Developer under any other express or implied warranty.

EXCLUSIONS

The following are not covered by this Warranty:

- a. defects in outbuildings including, but not limited to detached garages and detached carports (except outbuildings containing components of the plumbing, electrical, heating, cooling or ventilation systems serving the building; site located swimming pools and other recreational facilities; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees, and plantings); off-site improvements, or any other improvements not a part of the building itself.
- b. swimming pools (roof top or within the building), their equipment, and any damage caused by, or resulting from, leaking or other failure of the pools;
- c. after the first year of coverage, concrete floors of basements and concrete floors of attached garages that are built separate from foundation walls or other structural elements of the building;
- d. damage to real property which is not part of an individual unit or common element covered by the Warranty and which is not included in the original purchase prices of the units;
- e. any damage to the extent it is caused or made worse by:
 - negligence, improper maintenance or improper operation by anyone other than the Builder/Developer or its employees, agents or subcontractors; or
 - failure by unit owners or by anyone other than the Builder/Developer or its employees, agents or subcontractors to comply with the Warranty requirements of manufacturers of appliances, equipment or fixtures; or
 - failure by unit owners individually, or collectively as an Association, as appropriate, to give notice to the Builder/Developer or HOW of any defects within a reasonable time; or
 - changes of the grading of the ground by anyone other than the Builder/Developer, or its employees, agents or subcontractors; or
 - changes, alterations or additions made to individual units or common elements by anyone after initial occupancy, except those performed by the Builder/Developer in accordance with its obligations under this program; or
 - dampness or condensation due to the failure of unit owners or the Association to maintain adequate ventilation.

- f. any loss or damage which unit owners individually, or collectively as an Association have not taken timely action to minimize;
- g. normal wear and tear or normal deterioration;
- h. loss or damage, not otherwise excluded under the Warranty, which does not constitute a defect in the construction of the home by your Builder/Developer, its employees, agents or subcontractors;
- i. loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water and changes in the underground water table which are not reasonably foreseeable;
- j. loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;
- k. any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance;
- l. insect damage;
- m. any loss or damage which arises while Units or Common Elements are being used primarily for nonresidential purposes;
- n. failure of the Builder/Developer to complete construction of Units or Common Elements;
- o. any condition which does not result in actual physical damage to the Units or Common Elements;
- p. bodily injury or damage to personal property;
- q. Loss or damage due to abnormal loading on floors by unit owners or the Association which exceeds design loads as mandated by codes;
- r. costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair;
- s. consequential damages.

WARRANTY SERVICE

Request for Warranty Service. Individual Units — Individual unit owners with a warranty complaint should first send a clear and specific written complaint to the Builder/Developer with an information copy to HOW at the zone office address shown on the Certificate. Ordinarily the Builder/Developer will supply the warranty service provided in this Warranty without the need for direct involvement by HOW.

Common Elements—All requests for Warranty Service on Common Elements items must be made by an authorized representative of the Association, except that prior to the owners assuming control of the Association, requests can be made over the signatures of a majority of the unit owners. All Warranty complaints (as in Individual Units, above) should first be sent to the Builder/Developer.

Request for Warranty Performance: If it is believed that the Builder/Developer has not performed as provided in this Warranty, requests may be submitted directly to HOW. Any such request should be made by completing and mailing the attached "Request for Warranty Performance" form, or by sending a letter specifically demanding such performance, identifying all parties, including the name of the Builder/Developer, the defect, and the remedy sought to the appropriate HOW Regional Office. (See inside back page of this booklet.)

Time of Notice of Defect. Written notice of a defect in any item under this Warranty must be received by HOW no later than 30 days after the warranty coverage on that item expires. If such notice is not received by HOW by that deadline, any claims for the defect will be rejected.

Dispute Settlement. Upon receiving the "Request for Warranty Performance", HOW will notify the Builder/Developer asking response to the complaint. If the Builder/Developer disagrees with the complaint, HOW will arrange for informal dispute settlement between Complainant(s) and the Builder/Developer by a neutral third party. The Builder/Developer will be bound by such third party decision upon HOW's receipt of your "Acceptance of Decision". (See Below.)

Under the Magnuson-Moss Warranty Act and under this Warranty, suit may not be filed against the Builder/Developer until the claim has been submitted to informal dispute settlement and a decision has been reached, or a waiting period of 40 days has been exceeded for a decision following the submission of a Request for Warranty Performance, whichever comes first. State or federal laws may permit filing of suit without waiting, despite this paragraph.

Acceptance of Decision. You must sign and return to HOW at the mailing address shown on the back page, within 45 days after the date of decision, an "Acceptance of Decision" form by which you agree to accept the decision as to those matters decided in your favor. The Builder/Developer must perform as required in the decision. Neither HOWIC nor the Builder/Developer is responsible for damage caused or made worse by a delay in returning the form to HOW.

The time allowed by the decision for performance by the Builder/Developer will be measured from the date the "Acceptance of Decision" form is received. The time for performance will be extended automatically if weather, strikes, or other matters not within the control of the Builder/Developer interfere with the performance.

Right of Access. The unit owner or Association, where applicable, must provide the Builder/Developer with reasonable access to the property in order to perform repairs under the Warranty.

Release. When the Builder/Developer or the Insurer finishes repairing or replacing the defect or pays the cost of doing so, a full release of all legal obligations with respect to the defect must be signed and delivered to the Builder/Developer or the Insurer.

Other Claimants. Any other persons to whom this Warranty is extended shall submit and pursue, by the same procedures, any claims that they may have.

INSURANCE CLAIM PROCESS

How to Make the Insurance Claim. If a claim arises under this Warranty and the Builder/Developer cannot or will not cooperate in the Dispute Settlement procedure, notify HOW. If the Insurer disputes the claim it may take the place of the Builder/Developer in the Dispute Settlement procedure.

If the Builder/Developer cooperates in the Dispute Settlement procedure but fails to perform within the time specified, notify HOW. The Insurance will perform the Builder/Developer's Warranty Obligations under the decision.

MISCELLANEOUS

Assignment of Manufacturers' Warranties. The Builder/Developer is required by contract with HOW to assign all manufacturers' warranties on items provided as part of the unit to individual unit owners and all manufacturers' warranties on common elements to the Association.

Independence From Purchase Contract. This Warranty is independent of the contract between individual unit purchasers and the Builder/Developer for the construction and sale of units. Contract disputes which are not warranty disputes are not eligible for informal dispute settlement under this Warranty. Nothing contained in unit purchasers' contracts or any other contracts between purchasers and the Builder/Developer can restrict or override the provisions of this Warranty. Purchasers and the Builder/Developer may contract for additional standards or requirements, but any such agreements between the purchasers and the Builder/Developer will not be binding under this Warranty.

Notices. All notices to the Builder/Developer, to unit purchasers, the Association or to HOW must be sent by mail, postage prepaid, to the recipients.

General Provisions. Should any provision of this Warranty be deemed by a court of competent jurisdiction to be unenforceable, that determination will not affect the enforceability of the remaining provisions.

This warranty is to be binding upon the Builder/Developer, and the Purchaser, their heirs, executors, administrators, successors and assigns.

Use of one gender in the Warranty includes all other genders; and the use of the plural includes the singular, all as may be appropriate.

This Warranty is to be covered by and construed in accordance with the laws of the state in which the building is located.

Amendments. This Warranty cannot be changed or altered in any way by the Builder/Developer without the express consent of HOW.

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REQUEST FOR WARRANTY PERFORMANCE

TO THE OWNER:

Before using this form send a clear and specific written request for warranty work to the Builder/Developer. After you have contacted the Builder/Developer and he has not responded as provided in the Limited Warranty, complete the following and mail to HOW along with a copy of the initial complaint to the Builder/Developer. If some of the requested information is unknown, please indicate. Written notice of a defect in any item under the Warranty must be received by HOW not later than 30 days after the warranty coverage of the item expires.

Name of Owner(s), or Association

Mailing Address

City

State

Zip

Home Phone (Area Code & Number)

Business Phone (Area Code & Number)

Enrollment/Warranty Number

Unit Number (If Appropriate)

Name of Builder/Developer

Street Address

City

State

Zip

Phone (Area Code & Number)

Describe Defects:

Remedy Sought: (Use Additional Sheets if Necessary)

We hereby notify HOW that we have requested the Builder/Developer to perform warranty work, but the Builder/Developer has not responded as provided in the Builder/Developer's Limited Warranty.

Signature

Date _____

180
**APPROVED STANDARDS
MULTI-FAMILY PROGRAM**

Table of Contents Approved Standards	
SECTION	SUBJECT
	PAGE
I	Introduction.....11
II	Unit Owners and Association Responsibilities.....11
III	HOW Quality Standards.....11

I. Introduction

Your registered HOW Builder/Developer has provided your building with a ten (10) year protection plan consisting of a Limited Warranty issued by your Builder/Developer and insurance arranged for by your Builder/Developer. This plan is extended to you and to subsequent purchasers of your unit during the ten (10) year period the plan is in force.

Please read this carefully. It is intended to acquaint you with the warranty and insurance coverage of the HOW protection plan and the responsibilities of HOW and your Builder/Developer thereunder. Also note that coverage on certain items varies within the ten (10) year period and some items rely on proper maintenance by either the unit Owner or Association, to prevent damage and ensure proper functioning of your unit and its various systems.

The Approved Standards consist of locally applicable building codes and special performance standards (see Section III). In local areas where no building codes are used, one of the following will apply:

- The Minimum Property Standards of the U.S. Department of Housing and Urban Development (HUD);
- Approved model codes covering building, mechanical, plumbing and electrical systems (See Appendix A);
- Codes of a nearby jurisdiction.

The performance standards in Section III provide the basis for determining the validity of coverage, under the HOW Program, of deficiencies or defects that may occur.

In each case, the HOW Corporation will approve the applicable code and inspection system, or establish an inspection system to monitor adherence to the acceptable codes.

The Performance Standards (Section III) list defects that may be found in new construction, and outline the extent of the Builder/Developer's responsibility for correcting each of the defects. These standards are intended to specify performance standards for construction and to determine the validity of complaints related to defective workmanship, materials, and systems during the initial warranty period.

When minimum performance standards of specific tolerances for construction items have not been given in these Performance Standards, construction shall be in accordance with accepted industry practice for materials and workmanship. The validity of any complaint for defects for which a standard has not been enumerated herein shall be determined on the basis of accepted industry practice and the settling of any dispute concerning such complaint shall be conducted accordingly.

II. Unit Owners and Association Responsibilities

Unit owner responsibilities are included herein under specific topics in Section III, Performance Standards. Other maintenance responsibilities as noted under specific topics refers to maintenance by the Association. Where responsibilities are noted as owners, the responsibility is the Unit Owner's if the deficiency is in the unit, and the Association's if the deficiency is in the common elements.

NOTE: Damage caused or made worse by Unit Owner or Association negligence, improper maintenance and/or operation will not be covered.

III. HOW Performance Standards — Topic Index

The Performance Standards list specific items (defects) within each separate area of coverage. The first section covers Workmanship and Materials; the second section covers Systems.

The Standards are expressed in terms of performance standards. For easy comprehension, the format is designed as follows:

- Possible Deficiency—a brief statement, in simple terms, of problems that may be encountered.
- Performance Standard—a performance standard relating to a specific deficiency.
- Responsibility—a statement of the corrective action required of the Builder/Developer to repair the deficiency; or a statement of Unit Owner's or Association's maintenance responsibilities.

Workmanship and Materials, First Year Only

	Page
Site Grading.....	12
Concrete.....	12
Masonry.....	13
Wood & Plastic.....	13
Thermal and Moisture Protection.....	13
Doors and Windows.....	13
Finishes.....	14
Specialties.....	15
Equipment.....	16
Mechanical.....	17
Electrical.....	18
Systems: First and Second Year	
Mechanical.....	19
Electrical.....	19

Topic: Site Work	Coverage: 1st Year Only	Area: Workmanship and Materials
Site Grading		
Possible Deficiency	Settling of ground around foundation, utility trenches or other areas.	
Performance Standard	Settling of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the building.	
Responsibility	If the Builder/Developer has provided final grading: upon request by the Association, Builder/Developer shall fill settled areas affecting proper drainage, one time only, during the first year Warranty period. The Association shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.	
Site Drainage		
Possible Deficiency	Improper drainage of the site.	
Performance Standard	The necessary grades and swales shall have been established by the Builder/Developer to insure proper drainage away from the building. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated.	
Responsibility	The Builder/Developer is responsible only for initially establishing the proper grades and swales. The Association is responsible for maintaining such grades and swales once they have been properly established.	
Topic: Concrete	Coverage: 1st Year Only	Area: Workmanship and Materials
Expansion and Contraction Joints		
Possible Deficiency	Separation or movement of concrete slabs within the structure at expansion and contraction joints.	
Performance Standard	Concrete slabs within the structure are designed to move at expansion and contraction joints.	
Responsibility	None.	
Cast-In-Place Concrete		
Possible Deficiency	Basement or foundation wall cracks.	
Performance Standard	Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.	
Responsibility	Builder/Developer will repair cracks in excess of 1/8 inch width.	
Possible Deficiency	Cracking of basement floor.	
Performance Standard	Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired.	
Responsibility	Builder/Developer will repair cracks exceeding maximum tolerances by surface patching or other methods as required.	
Possible Deficiency	Uneven concrete floors/slabs.	
Performance Standard	Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions or areas of unevenness exceeding 1/4 inch in 32 inches.	
Responsibility	Builder/Developer will correct or repair to meet the Performance Standard.	
Possible Deficiency	Cracks in concrete slab-on-grade floors with finish flooring.	
Performance Standard	Cracks which rupture the finish flooring material shall be repaired.	
Responsibility	Builder/Developer will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place. (See also "Finishes.")	
Possible Deficiency	Pitting, scaling or spalling of concrete work covered by Warranty.	
Performance Standard	Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.	
Responsibility	Builder/Developer will take whatever corrective action necessary to repair or replace defective concrete surfaces. Builder/Developer is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.	

Topic: Masonry	Coverage: 1st Year Only	Area: Workmanship and Materials
Unit Masonry		
Possible Deficiency	Basement or foundation wall cracks.	
Performance Standard	Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls. Cracks greater than 1/8 inch in width shall be repaired.	
Responsibility	Builder/Developer will repair cracks in excess of 1/8 inch by pointing or patching. These deficiencies shall be reported and repairs made during the first year Warranty period.	
Possible Deficiency	Cracks in masonry walls or veneer.	
Performance Standard	Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive.	
Responsibility	Builder/Developer will repair cracks in excess of Performance Standard by pointing or patching. These repairs shall be made during the first year Warranty period. Builder/Developer will not be responsible for color variation between old and new mortar.	
Topic: Wood and Plastic		
Rough Carpentry		
Possible Deficiency	Floors squeak or subfloor appears loose.	
Performance Standard	Floor squeaks and loose subfloor are often temporary conditions common to new home construction, and a squeak-proof floor cannot be guaranteed.	
Responsibility	Builder/Developer will correct the problem only if caused by an underlying construction defect.	
Possible Deficiency	Uneven wood floors.	
Performance Standard	Floors shall not have more than 1/4 inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the Approved building code.	
Responsibility	Builder/Developer will correct or repair to meet Performance Standard.	
Possible Deficiency	Bowed walls.	
Performance Standard	All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than 1/4 inch out of line within any 32 inch horizontal or vertical measurement.	
Responsibility	Builder/Developer will repair to meet performance Standard.	
Possible Deficiency	Out-of-plumb walls.	
Performance Standard	Walls should not be more than 1/4 inch out of plumb for any 32 inch vertical measurement.	
Responsibility	Builder/Developer will repair to meet the Performance Standard.	
Finish Carpentry (Interior)		
Possible Deficiency	Poor quality of interior trim workmanship.	
Performance Standard	Joints in moldings or joint between moldings and adjacent surface shall not result in open joints exceeding 1/8 inch in width.	
Responsibility	Builder/Developer will repair defective joints, as defined. Caulking is acceptable.	
Finish Carpentry (Exterior)		
Possible Deficiency	Poor quality of exterior trim workmanship.	
Performance Standard	Joints between exterior trim elements, including siding and masonry, shall not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements.	
Responsibility	Builder/Developer will repair open joints, as defined. Caulking is acceptable.	
Topic: Thermal and Moisture Protection		
Coverage: 1st Year Only		
Area: Workmanship and Material		
Waterproofing		
Possible Deficiency	Leaks in basement.	
Performance Standard	Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping, or failure to maintain proper grades are not covered by the Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency.	
Responsibility	Builder/Developer will take such action as necessary to correct basement leaks except where the cause is determined to result from Association action or negligence.	

Insulation	
Possible Deficiency	Insufficient insulation.
Performance Standard	Insulation shall be installed in accordance with applicable energy and building code requirements.
Responsibility	Builder/Developer will install insulation in sufficient amounts to meet Performance Standard.
Roofing and Siding	
Possible Deficiency	Ice build-up on roof.
Performance Standard	During prolonged cold spells, ice build-up is likely to occur. This condition occurs when snow and ice accumulate and gutters and downspouts or drains freeze up.
Responsibility	Prevention of ice build-up on the roof is a maintenance item.
Possible Deficiency	Roof or flashing leaks.
Performance Standard	Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Association actions or negligence.
Responsibility	Builder/Developer will repair any verified roof or flashing leaks not caused by ice build-up or Association actions or negligence.
Possible Deficiency	Standing water on flat roof.
Performance Standard	Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.
Responsibility	Builder/Developer will take corrective action to assure proper drainage of roof.
Sealants	
Possible Deficiency	Leaks in exterior walls due to inadequate caulking.
Performance Standard	Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water.
Responsibility	Builder/Developer will repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiencies once, during the first year Warranty period. Even properly installed caulking will shrink and must be maintained during the life of the building.
Topic: Doors and Windows	
Coverage: 1st Year Only	
Area: Workmanship and Materials	
Wood and Plastic Doors	
Possible Deficiency	Warping of exterior doors.
Performance Standard	Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner.)
Responsibility	Builder/Developer will correct or replace and refinish defective doors, during the first Warranty period.
Possible Deficiency	Warping of interior passage and closet doors.
Performance Standard	Interior doors (full openings) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/4 inch).
Responsibility	Builder/Developer will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the first year Warranty period.
Glass	
Possible Deficiency	Broken glass.
Performance Standard	None.
Responsibility	Broken glass not reported to the Builder/Developer prior to closing is Owners' responsibility.
Wood, Plastic and Metal Windows	
Possible Deficiency	Malfunction of windows.
Performance Standard	Windows shall operate with reasonable ease, as designed.
Responsibility	Builder/Developer will correct or repair as required.
Possible Deficiency	Condensation and/or frost on windows.
Performance Standard	Windows will collect condensation on interior surface when extreme temperature difference and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions, created by the Owners.
Responsibility	Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder/Developer's control. No correction action required.

Weatherstripping and Seals

Possible Deficiency	Air infiltration around doors and windows.	
Performance Standard	Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weatherstripping shall be adjusted or replaced.	
Responsibility	Builder/Developer will adjust or correct poorly fitted doors, windows, or poorly fitted weatherstripping.	

Topic: Finishes

Coverage: 1st Year Only

Area: Workmanship and Materials

Lath and Plaster

Possible Deficiency	Cracks in interior wall and ceiling surfaces.	
Performance Standard	Hairline cracks are not unusual in interior wall and ceiling surfaces. Cracks greater than 1/8 inch in width shall be repaired.	
Responsibility	Builder/Developer will repair cracks exceeding 1/8 inch in width as required; one time only, during the first year Warranty period. (See also "Painting.")	

Gypsum Wallboard

Possible Deficiency	Defects which appear during first year of Warranty such as nail pops, blisters in tape, or other blemishes.	
Performance Standard	Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable.	
Responsibility	Builder/Developer will repair only cracks exceeding 1/8 inch in width, one time only, during the first year Warranty period. (See also "Painting.")	

Ceramic Tile

Possible Deficiency	Ceramic tile cracks or becomes loose.	
Performance Standard	Ceramic tile shall not crack or become loose.	
Responsibility	Builder/Developer will replace cracked tiles and re-secure loose tiles unless the defects were caused by the Owners' action or negligence. Builder/Developer will not be responsible for discontinued patterns or color variations in ceramic tile.	

Possible Deficiency	Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub.	
Performance Standard	Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions.	
Responsibility	Builder/Developer will repair grouting if necessary; one time only, during the first year Warranty period. Builder/Developer will not be responsible for color variations or discontinued colored grout. Regrouting of these cracks is a maintenance responsibility of the Owners within the life of the building.	

Finished Wood Flooring

Possible Deficiency	Cracks developing between floor boards.	
Performance Standard	Cracks in excess of 1/8 inch in width shall be corrected.	
Responsibility	Builder/Developer will repair cracks in excess of 1/8 inch within the first year Warranty period, by filling or replacing, at Builder/Developer's option.	

Resilient Flooring

Possible Deficiency	Depressions or ridges appear in the resilient flooring due to subfloor irregularities.	
Performance Standard	Readily apparent depressions or ridges exceeding 1/8 inch shall be repaired. The ridge or depression measurement is taken as the gap created at one end of a six-inch straightedge placed over the depression or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor.	
Responsibility	Builder/Developer will take corrective action as necessary, to bring the defect within acceptable tolerance so that the affected area is not readily visible. Builder/Developer will not be responsible for discontinued patterns or color variations in floor covering.	

Possible Deficiency	Resilient flooring loses adhesion.	
Performance Standard	Resilient flooring shall not lift, bubble or become unglued.	
Responsibility	Builder/Developer will repair or replace, at Builder/Developer's option, the affected resilient flooring as required. Builder/Developer will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Owner neglect or abuse.	

Possible Deficiency	Seams or shrinkage gaps show at resilient flooring joints.	
Performance Standard	Gaps shall not exceed 1/16 inch in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible.	
Responsibility	Builder/Developer will repair or replace, at Builder/Developer's option, the affected resilient flooring as required. Builder/Developer will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Owner neglect or abuse.	

Painting		
Possible Deficiency	Exterior paint or stain peels, deteriorates or fades.	
Performance Standard	Exterior paints or stains should not fail during the first year Warranty period. However, fading is normal and the degree is dependent on climatic conditions.	
Responsibility	If paint or stain is defective, Builder/Developer will properly prepare and refinish affected areas, matching color as close as possible. Where finish deterioration affects the majority of the wall area, the whole area will be refinished.	
Possible Deficiency	Painting required as corollary repair because of other work.	
Performance Standard	Repairs required under this Warranty shall be finished to match surrounding areas as closely as practicable.	
Responsibility	Builder/Developer will finish repair areas as indicated.	
Possible Deficiency	Deterioration of varnish or lacquer finishes.	
Performance Standard	Natural finishes on interior woodwork shall not deteriorate during the first year of ownership. However, varnish type finishes used on the exterior will deteriorate rapidly and are not covered by the Warranty.	
Responsibility	Builder/Developer will retouch affected areas of natural finish interior woodwork, matching the color as closely as possible.	
Possible Deficiency	Mildew or fungus on painted surfaces.	
Performance Standard	Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall, ocean, lake, or river front).	
Responsibility	Mildew or fungus formation is a condition Builder/Developer cannot control and is an Owner maintenance item, unless it is a result of non-compliance with other sections of the Performance Standards.	
Wall Covering		
Possible Deficiency	Peeling of wall covering.	
Performance Standard	Peeling of wall covering shall not occur.	
Responsibility	Builder/Developer will repair or replace defective wall covering applications.	
Carpeting		
Possible Deficiency	Open carpet seams.	
Performance Standard	Carpet seams will show. However, no visible gap is acceptable.	
Responsibility	Builder/Developer will correct.	
Possible Deficiency	Carpeting becomes loose, seams separate or stretching occurs.	
Performance Standard	Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment.	
Responsibility	Builder/Developer will re-stretch or re-secure carpeting as needed, if original installation was performed by Builder/Developer.	
Possible Deficiency	Spots on carpet, minor fading.	
Performance Standard	Exposure to light may cause spots on carpet and/or minor fading.	
Responsibility	None.	
Special Coatings		
Possible Deficiency	Cracks in exterior stucco wall surfaces.	
Performance Standard	Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width shall be repaired.	
Responsibility	Builder/Developer will repair cracks exceeding 1/8 inch in width, one time only, during the first year Warranty period.	
Topic: Specialties	Coverage: 1st Year Only	Area: Workmanship and Materials
Louvers and Vents		
Possible Deficiency	Inadequate ventilation of attics and crawl spaces.	
Performance Standard	Attic and crawl spaces shall be ventilated as required by the approved building code.	
Responsibility	The Builder/Developer shall provide for adequate ventilation. Builder/Developer will not be responsible for alterations to the original system.	

Fireplaces

Possible Deficiency	Fireplace or chimney does not draw properly.
Performance Standard	A properly designed and constructed fireplace and chimney shall function properly. It is normal to expect that high winds can cause temporary negative draft situations. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some homes may need to have window opened slightly to create an effective draft, if they have been insulated and weatherproofed to meet high energy conservation criteria.
Responsibility	Builder/Developer will determine the cause of malfunction and correct, if the problem is one of design or construction of the fireplace.
Possible Deficiency	Firebox paint changed by fire.
Performance Standard	None.
Responsibility	None. Heat from fires will alter finish.
Possible Deficiency	Cracked firebrick and mortar joints.
Performance Standard	None.
Responsibility	None. Heat and flames from "roaring" fires will cause cracking.

Topic: Equipment

Coverage: 1st Year Only

Area: Workmanship and Materials

Residential Equipment

Possible Deficiency	Surface cracks, joint delaminations and chips in high pressure laminates on vanity and kitchen cabinet countertops.
Performance Standard	Countertops fabricated with high pressure laminate coverings shall not delaminate.
Responsibility	Builder/Developer will replace delaminated coverings to meet specified criteria. Builder/Developer will not be responsible for chips and cracks noted following first occupancy.
Possible Deficiency	Kitchen cabinet malfunctions.
Performance Standard	Warpage not to exceed 1/4 inch as measured from face frame to point of furthest warpage with door or drawer front in closed position.
Responsibility	Builder/Developer will correct or replace doors or drawer fronts.
Possible Deficiency	Gaps between cabinets, ceiling or walls.
Performance Standard	Acceptable tolerance 1/4 inch in width.
Responsibility	Builder/Developer will correct to meet Performance Standard.

Topic: Mechanical

Coverage: 1st Year Only

Area: Workmanship and Materials

Water Supply System

Possible Deficiency	Plumbing pipes freeze and burst.
Performance Standard	Drain, waste and vent, and water pipes shall be adequately protected, as required by applicable code, during normally anticipated cold weather, and as defined in accordance with ASHRAE design temperatures, to prevent freezing.
Responsibility	Builder/Developer will correct situations not meeting the code. It is the Association's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

Plumbing

Possible Deficiency	Faucet or valve leak.
Performance Standard	No valve or faucet shall leak due to defects in material or workmanship.
Responsibility	Builder/Developer will repair or replace the leaking faucet or valve.
Possible Deficiency	Defective plumbing fixtures, appliances or trim fittings.
Performance Standard	Fixtures, appliances or fittings shall comply with manufacturers' standards.
Responsibility	Builder/Developer will replace any defective fixture or fitting which does not meet acceptable standards, as defined by the manufacturer.
Possible Deficiency	Noisy water pipes.
Performance Standard	There will be some noise emitting from the water pipe system, due to the flow of water. However, water hammer shall be eliminated.
Responsibility	Builder/Developer cannot remove all noises due to water flow and pipe expansion. Builder/Developer will correct to eliminate "water hammer."
Possible Deficiency	Cracking or chipping of porcelain or fiberglass surfaces.
Performance Standard	Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when surface is hit with sharp or heavy objects.
Responsibility	Builder/Developer will not be responsible for repairs unless damage has been reported to Builder/Developer prior to first occupancy.

Heating	
Possible Deficiency	Inadequate heating.
Performance Standard	Heating system shall be capable of producing an inside temperature of 70° F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHRAE handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted.
Responsibility	Builder/Developer will correct heating system to provide the required temperatures. However, Owner shall be responsible for balancing dampers, registers and other minor adjustments.
Refrigeration	
Possible Deficiency	Inadequate cooling.
Performance Standard	Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78° F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor summer design conditions as specified in ASHRAE handbook. In the case of outside temperatures exceeding 95° F, a differential of 15° F from the outside temperature will be maintained. Federal, state, or local energy codes shall supersede this standard where such codes have been locally adopted.
Responsibility	Builder/Developer will correct cooling system to meet temperature conditions, in accordance with specifications.
Condensation Lines	
Possible Deficiency	Condensation lines clog up.
Performance Standard	None.
Responsibility	Condensation lines will clog eventually under normal use. This is an Owner maintenance item. Builder/Developer shall provide unobstructed condensation lines at time of first occupancy.
Evaporative Cooling	
Possible Deficiency	Improper mechanical operation.
Performance Standard	Equipment shall function properly at temperature standard set.
Responsibility	Builder/Developer will correct and adjust so that blower and water system operate as designed.
Air Distribution	
Possible Deficiency	Noisy ductwork.
Performance Standard	When metal is heated it expands and when cooled it contracts. The result is "ticking" or "crackling" which is generally to be expected.
Responsibility	None.
Possible Deficiency	Oilcanning.
Performance Standard	The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oilcan". The booming noise caused by "oilcanning" is not acceptable.
Responsibility	Builder/Developer will correct to eliminate this sound.
Topic: Electrical	
Coverage: 1st Year Only	
Area: Workmanship and Materials	
Electrical Conductors, Fuses, and Circuit Breakers	
Possible Deficiency	Fuses blow or circuit breakers (excluding ground fault interruptors) "kick out".
Performance Standard	Fuses and circuit breakers shall not activate under normal usage.
Responsibility	Builder/Developer will check wiring circuits for conformity with local, state, or approved national electrical code requirements. Builder/Developer will correct circuitry not conforming to code specifications.
Outlets, Switches and Fixtures	
Possible Deficiency	Drafts from electrical outlets.
Performance Standard	Electrical junction boxes on exterior walls may produce air flow whereby the cold air can be drawn through the outlet into a room. The problem is normal in new home construction.
Responsibility	None.
Possible Deficiency	Malfunction of electrical outlets, switches or fixtures.
Performance Standard	All switches, fixtures and outlets shall operate as intended.
Responsibility	Builder/Developer will repair or replace defective switches, fixtures and outlets.

Service and Distribution

Possible Deficiency	Ground fault interruptor trips frequently.
Performance Standard	Ground fault interruptors are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
Responsibility	Builder/Developer shall install ground fault interruptor in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect.

Systems: First and Second Year

Topic: Mechanical	Coverage: 1st and 2nd Year	Area: Systems
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Water Supply System

Possible Deficiency	Water supply system fails to deliver water.
Performance Standard	All on-site service connections to municipal water main and private water supply shall be the Builder's/Developer's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing and health codes.
Responsibility	Builder/Developer will repair if failure is the result of defective workmanship or materials. If conditions beyond Builder/Developer's control disrupt or eliminate the sources of the supply the Builder/Developer has no responsibility.

Septic Tank System

Possible Deficiency	Septic system fails to operate properly.
Performance Standard	Septic system shall be capable of properly handling normal flow of household effluent. Septic system shall be designed and installed to comply with state, county or local code regulations.
Responsibility	Builder/Developer will repair if failure is the result of defective workmanship or materials. Builder/Developer will not be responsible for malfunctions which occur through Owner negligence or abuse or from conditions that are beyond Builder/Developer's control, such as freezing, soil saturation, increase in water table, excessive use, etc. Owners shall be responsible for septic system maintenance.

Plumbing

Possible Deficiency	Leakage from any piping.
Performance Standard	No leaks of any kind shall exist in any soil, waste, vent or water pipe. Condensation on piping does not constitute leakage, and is not covered.
Responsibility	Builder/Developer will make repairs to eliminate leakage.
Possible Deficiency	Stopped up sewers, fixtures and drains.
Performance Standard	Sewers, fixtures and drains shall operate properly.
Responsibility	Builder/Developer will not be responsible for sewers, fixtures and drains which are clogged through the Owner negligence. If a problem occurs, the Owner should consult Builder/Developer for a proper course of action. Where defective construction is shown to be the cause, Builder/Developer will assume the cost of the repair; where Owner negligence is shown to be the cause, the Owner shall assume all repair costs.

Possible Deficiency	Refrigerant lines leak.
Performance Standard	Refrigerant lines shall not develop leaks during normal operation.
Responsibility	Builder/Developer will repair leaking refrigerant lines and re-charge unit, unless damage was caused by Owners.

Topic: Mechanical	Coverage: 1st and 2nd Year	Area: Systems
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Air Distribution

Possible Deficiency	Ductwork separates or becomes unattached.
Performance Standard	Ductwork shall remain intact and securely fastened.
Responsibility	Builder/Developer will re-attach and re-secure all separated or unattached ductwork.

Topic: Electrical	Coverage: 1st and 2nd Year	Area: Systems
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Possible Deficiency	Failure of wiring to carry its designed load.
Performance Standard	Wiring should be capable of carrying the designed load for normal residential use.
Responsibility	Builder/Developer will check wiring for conformity with local, state, or approved national electrical code requirements. Builder/Developer will repair wiring not conforming to code specifications.

Structural Defects: 1st and 2nd Year
A "Major Structural Defect" is actual physical damage to the following designated load-bearing elements of the home caused by failure of such load-bearing elements which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable:

1. Foundation systems and footings;
2. Beams;
3. Girders;
4. Lintels;
5. Columns;
6. Walls and partitions;
7. Floor systems; and
8. Roof framing systems.

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Repair of a Major Structural Defect is limited (1) to the repair of damage to the load-bearing elements of the home themselves which is necessary to restore their load-bearing ability; and (2) to the repair of those items of the home damaged by the Major Structural Defect which make the home unsafe, unsanitary or otherwise unlivable.

Damage to the following non-load bearing elements do not constitute a Major Structural Defect

- a. Roof shingles and sheathing;
- b. Dry wall and plaster;
- c. Exterior siding;
- d. Brick, stone or stucco veneer;
- e. Floor covering materials;
- f. Wall tile or other wall coverings;
- g. Non-load bearing partitions;
- h. Concrete floors in attached garages and basements that are built separate from foundation walls or other structural elements of the home;
- i. Electrical, heating, cooling, ventilation, mechanical, and plumbing systems; appliances, equipment, fixtures, paint, doors, windows, trim, cabinet, hardware and insulation.

HOW Offices and Their Jurisdictions

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