

VILLAGE OF LITTLE MILL HOMEOWNERS ASSOCIATION, INC.
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made on the date hereinafter set forth by Bromley Estates L.P., a Pennsylvania Limited Partnership, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the record owner of certain Property in the Borough of Pine Hill, County of Camden, State of New Jersey, which Property is more particularly described on the legal description attached hereto as EXHIBIT A and made a part hereof; and

WHEREAS, the Declarant desires to provide for the preservation of the land values of the individual Lots within the Property, for the preservation of the values and amenities in said Property and for the maintenance of the Common Area and facilities located thereon; and

WHEREAS, the Declarant deems it desirable to have an association to which should be delegated the powers and duties of maintaining and administering the Common Area and facilities, administering and enforcing the within covenants, conditions and restrictions and collecting and disbursing the charges and assessments described herein; and

WHEREAS, the Declarant intends to have Village of Little Mill Homeowners Association, Inc. carry out the powers and duties aforesaid.

NOW, THEREFORE, Declarant hereby declares that all of the Property described on EXHIBIT A hereto shall be held, sold, hypothecated, leased, used, occupied and conveyed subject to the following easements, restrictions, charges, liens, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in, the Property described on EXHIBIT A hereto, or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each subsequent Owner thereof.

ARTICLE I
DEFINITIONS

Section 1.01. "Association" shall mean and refer to Village of Little Mill Homeowners Association, Inc., a nonstock, nonprofit corporation created under the laws of New Jersey, its successors and assigns, formed for the purpose of accepting conveyance of the Common Area and administering these covenants, conditions and restrictions.

Section 1.02. "Common Area" shall mean all real property owned by the Association and any property which is not owned by the Association but which is made available for the benefit, use and enjoyment of the Association and its Members (including the improvements thereto) for the common use and enjoyment of the owners.

Section 1.03. "Common Expenses" shall mean and refer to the actual (and for budgeting and assessment purposes, the estimated) expenses of operating the Association, including reasonable reserves, all as may be found to be necessary or appropriate by the Board of Directors of the Association (hereinafter the "Board" or "Board of Directors") pursuant to this Declaration, the By-Laws and the Articles of Incorporation of the Association.

Section 1.04. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Project. Such standard may be more specifically determined and set forth by the Covenant Committee (as such term is defined in Section 6.01).

Section 1.05. "Declarant" shall mean and refer to Bromley Estates L.P., a Pennsylvania Limited Partnership, its successors and assigns, but only to the extent that any of the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant are specifically assigned or transferred to such successors or assigns by an instrument in writing.

Section 1.06. "Development Plan" shall mean the Site Plan for Bromley Estates Subdivision prepared by Adams, Rehmann & Heggan Assoc., Inc. of Hammonton, New Jersey, including all amendments thereto as may be made from time to time at the sole and absolute discretion of Declarant. Each and every Owner, by acceptance of the deed or other instrument of conveyance for any Lot, expressly waives the principal of common scheme, with respect to the Property and any adjacent property owned and/or developed by the Declarant so long as the Property is developed for residential use. This waiver of the principal of common scheme shall not affect the applicability of the covenants, conditions and restrictions set forth herein to the Property.

Section 1.07. "Eligible Mortgage Holder" shall mean a holder of any mortgage and/or deed of trust encumbering a Lot who has requested, in writing, notice from the Association of amendments to the Association documents or other significant matters which would affect the interests of the mortgagee.

Section 1.08. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property upon which it is intended that a dwelling be constructed.

Section 1.09. "Member" shall mean and refer to every person, group of persons, corporation, trust, or other legal entity, or any combination thereof, who holds any class of membership in the Association. Whenever in this Declaration, any action is required to be taken by a specified percentage of "each class of the then Members" of the Association, then such action shall be required to be taken separately by the specified percentage of the then outstanding Class A Members of the Association and by the specified percentage of the then outstanding Class B Members of the Association. Whenever in this Declaration any action is required to be taken by a specified percentage of the "then Members" of the Association, then such action shall be required to be taken by the specified percentage of the then outstanding cumulative membership of the Association.

Section 1.10. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over all other mortgages. As used in this Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Lot. In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Veterans Administration ("VA"), then as to such mortgages the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA as the circumstances may require, acting, respectively, through the federal Housing commission and the Commissioner of Veterans' Benefits or through other duly authorized agents.

Section 1.11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, which is a part of the Property, including contract sellers, but excluding contract purchasers and those having such interest merely as security for the performance of an obligation. The record owner of more than one Lot shall be deemed an Owner herein with respect to each Lot.

Section 1.12. "Project" and the "Community" as used in this Declaration means that certain community being developed by the Declarant (or affiliates, successors and assigns of the Declarant) in the Borough of Pine Hill, Camden County, New

Jersey, known as "Bromley Estates" or "Village of Little Mill", but only as contained within the Property.

Section 1.13. "Property" shall mean and refer to that certain real property described on EXHIBIT A attached hereto and by this reference incorporated herein and made a part hereof.

ARTICLE II PROPERTY SUBJECT TO DECLARATION

Section 2.01. Initial Property Subject to the Declaration.

The real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in Pine Hill, Camden County, New Jersey, and is more particularly described on EXHIBIT A attached hereto and by this reference made a part hereof. The Declarant hereby reserves full, complete and absolute discretion to subdivide, resubdivide and improve the Property in any manner which the Declarant deems appropriate so long as the Declarant is then in title to the portion of the Property being subdivided, resubdivided and improved or does so with the consent of the owner thereof.

Section 2.02. Additions.

(a) Additional property may be annexed to the above described real property by the Declarant without the consent of the Owners for a period of seven (7) years from the recordation of this Declaration by the Declarant; PROVIDED, HOWEVER, that the right of the Declarant to annex such additional property shall be limited to real property described and shown on the Development Plan. Except for the real property described on EXHIBIT A and the additional property which may be annexed thereto, no other real property owned by the Declarant shall be subject to this Declaration. After the aforesaid seven (7) year period, additional property may only be annexed to the above described property with the consent of fifty-one percent (51%) of the then Members, and such annexation is subject to the limitations provided in Section 12.08 of this Declaration. The scheme of the within Covenants and Restrictions shall not, however, be extended to include any such additional property unless and until the same is annexed to the real property described on EXHIBIT A as provided hereinafter.

(b) Any annexations made pursuant to this Article, or otherwise, shall be made by recording an Amendment to the Declaration of Covenants, Conditions and Restrictions among the Land Records for Camden County, New Jersey, which Amendment to Declaration shall extend the scheme of the within Declaration to such annexed property.

(c) Any Amendment to Declaration of Covenants, Conditions and Restrictions made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Amendment to Declaration of Covenants, conditions and Restrictions to reflect the different character or use, if any, of the additional property annexed to EXHIBIT A.

ARTICLE III
PROPERTY RIGHTS

Section 3.01. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area, including an easement for the use and enjoyment of the streets and walkways within the Common Area, if any, which right shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to suspend the voting rights and right to use of any recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of Members and fifty-one percent (51%) of the Eligible Mortgage Holders agreeing to such dedication or transfer has been recorded, and additionally, such dedication or transfer shall also be subject to the limitations provided in Section 12.08 of this Declaration;

(c) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and the facilities thereon, including the right of the Association to limit the number of guests of each Owner using such Common Area;


(d) the right of the Association, the Declarant, utility companies and the Owners with respect to the easements established in accordance with Section 7.06 hereof;

(e) the right of the Association, in accordance with its Articles of Incorporation and By-Laws, and with the consent of two-thirds (2/3) of each class of the then Members of the Association, voting separately, to borrow money for the purpose of improving the Common Area in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Common Area;

(f) the right of the Association to take such steps as are reasonably necessary to protect the property of the Association against mortgage default and foreclosures; provided, however, that the same are in conformity with the other provisions of this Declaration; and

(g) the right of the Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use to persons or entities who are not Members of the Association in connection with the recreational facilities installed as a part of the Common Area for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate.

Section 3.02. Limitations.

 (a) Notwithstanding any other provision of this Declaration to the contrary, the Association shall have no right to suspend the right of any Member of the Association to use any streets and roadways located within the Property for both vehicular and pedestrian ingress and egress to and from his Lot.

(b) Notwithstanding any other provision of this Declaration to the contrary, the Association shall have no right to suspend the right of any Member of the Association to use the Common Area for necessary, ordinary and reasonable pedestrian ingress and egress to and from his Lot or to suspend any easement over the Common Area for storm water drainage, electrical energy, water, sanitary sewer, natural gas, CATV or similar service, telephone service or similar utilities and services to the Lots.

Section 3.03. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws and Rules and Regulations of the Association, his right of enjoyment to the Common Area and facilities to (i) the members of his family, (ii) his tenants, (iii) social invitees, or (iv) contract purchasers who reside on the Property.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 4.01. Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership is mandatory and shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4.02. Voting Rights. The Association shall have two (2) classes of voting memberships with differing voting rights as follows:

Class A. With the exception of the Declarant, every person, corporation, partnership, trust or other legal entity, or any combination thereof, who is an owner of any Lot which is part of the Property shall be a Class A Member of the Association, with one Class A membership being attributed to each Lot owned; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. Class A members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members; however, the applicable vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than the vote attributed to the Lot be cast with respect to such Lot. Any owner who leases his Lot may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Association.

Class B. With respect to the Declarant, for each Lot located on the Property, the Declarant shall have one (1) Class B membership, and for each Class B membership there shall be attached thereto three (3) Class B votes. However, the number of Class B votes held by the Declarant shall be decreased by three (3) Class B votes for each new Class A membership created as a result of a transfer of a Lot to an Owner. All Class B memberships shall be held by the Declarant, and/or its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant.

Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) thirty (30) days following the date on which the total of the Class A Members equals seventy-five percent (75%) of all of the Members of the Association; or

(ii) seven (7) years from the date of recordation of this Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or an additional seven (7) years, whichever is less; or

(iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B memberships as provided for in this Article, the Declarant shall thereafter become a Class A Member of the Association as to each and every Lot in which the Declarant then holds the interest otherwise required for such Class A membership.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.01. General Maintenance Assessment.

(a) Except as the assessment of the Declarant is limited by the provisions of Article V of this Declaration, each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who becomes a fee Owner of a Lot within the Property, (i.e., each Class A Member of the Association), by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (hereinelsewhere sometimes referred to as a "general assessment" or "maintenance assessment") equal to one-twelfth (1/12) of the Member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

(1) the cost of all operating expenses of the Common Area and the services furnished to or in connection with the Common Area, including charges by the Association for any services furnished by it; and

(2) the cost of necessary management and administration of the Common Area, including fees paid to any Management Agent; and

(3) the amount of all taxes and assessments levied against the Common Area; and

(4) the cost of liability insurance on the Common Area and the cost of such other insurance as the Association may effect with respect to the Common Area; and

(5) the cost of utilities and other services which may be provided by the Association for the Common Area; and

(6) the cost of maintaining, replacing, repairing, and landscaping the Common Area, including, without limitation, maintenance of any storm water detention basins and related facilities or the like located upon the Common Area and the cost of the maintenance of all pathways upon the Property, together with such equipment as the Board of Directors shall determine to be necessary and proper in connection therewith; and

(7) the cost of funding all reserves established by the Association, including a general operating reserve or contingency fund and a reserve for replacements; and

(8) the cost of maintaining any and all storm water management facilities, including, without limitation, ponds, basins and drainage areas, whether such facilities are located within the Property, or not, which are designed to benefit or serve any portion of the Property and which are not maintained by a governmental agency, but by the Association;

(b) The Board of Directors shall determine the amount of the maintenance assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided for hereinabove. Any Class A Member may prepay one or more installments on any annual maintenance assessment levied by the Association, without premium or penalty.

(c) The Board of Directors shall prepare, or cause the preparation of, an annual operating budget for the Association which shall be reviewed for adequacy by an independent certified public accountant prior to the approval of such budget, and such budget shall provide, without limitation, for the management and maintenance of the Common Area and the operation of the Association as defined herein. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the annual maintenance assessment against each Lot for each assessment period at least thirty (30) days in advance of the beginning of such period and shall, at that time, prepare a roster of the Lots and the annual maintenance assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner upon reasonable notice to the Board of Directors. Written notice of the annual maintenance assessments shall thereupon be sent to the Class A Members. The omission by the Board of Directors, before the expiration of any assessment period, to fix the amount of the annual maintenance assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Class A Member from the obligation to pay the annual maintenance assessment, or any installment thereof, for that or any subsequent assessment period; but the annual maintenance assessment fixed from the preceding period shall continue until a new maintenance assessment is fixed. No Class A Member may exempt himself from liability for maintenance assessments by abandonment of any Lot belonging to him or by the abandonment of his right to the use and enjoyment of the Common Area.

(d) This Declaration does not contemplate that the Association shall have any responsibility for the maintenance or repair of the dwellings or their appurtenances and the responsibility and duties of the Association for maintenance and repairs shall be limited to the Common Area as defined herein. The Owner of any Lot shall, at his own expense, maintain his Lot and dwelling and any and all appurtenances thereto, in good order, condition and repair and in a clean, sightly and sanitary condition at all times.

Section 5.02. Special Maintenance Assessments. In addition to the regular maintenance assessments authorized by this Article, the Association may levy, in any assessment year, special maintenance assessments or assessments, applicable to that year only, for the purpose of funding any budget deficit or unforeseen expenditures of the Association or for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, extraordinary repair or replacement of a described capital improvement located upon, or forming a part, of the Common Area, including the necessary fixtures and personal property related thereto, or for such other purposes as the Board of Directors may consider appropriate; provided, however, that any such assessments shall have the assent of the Members representing a majority of the then Class A Members of the Association and two-thirds (2/3) of the then Class B Members of the Association. A meeting of the Members shall be duly called for this purpose.

Section 5.03. Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of replaceable assets of the Association, the expected life of each asset and the required reserve fund contribution, if any, in an amount sufficient to meet the projected reserve fund budget, with respect both to amount and timing by the imposition of annual assessments over the period of the budget. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and assessment, as provided in Section 5.01. of this Article. Such reserve fund contribution shall be payable as part of the general assessment, applicable to all Lots, to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all owners. A copy of the reserve fund budget shall be distributed to each owner in the same manner as the operating budget.

Section 5.04. Initial Annual Maintenance Assessments. The initial annual maintenance assessment for each of the Lots to which Class A membership is appurtenant shall be estimated at the sum of Six Hundred Dollars (\$600.00) for the first fiscal year of the Association. Except as assessment of the Declarant is limited by the provisions of this Declaration, the annual

maintenance assessment shall be levied at a uniform rate for each Lot to which Class A membership is appurtenant.

Section 5.05. Increase in Maximum Annual Maintenance Assessment.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual maintenance assessment for all Class A memberships provided for hereinabove, may be increased by the Board of Directors of the Association, without a vote of the Class A membership, by an amount equal to ten percent (10%) of the maximum annual assessment for the preceding year plus the amount by which the prevailing Consumer Price Index shall have increased above the level prevailing as of the date of the recording of this Declaration, plus the amount by which any ad valorem real estate taxes and casualty and other insurance premiums payable by the Association have increased over amounts payable for the same or similar items for the previous year.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual maintenance assessment for all Class A memberships provided for hereinabove, may be increased above that established by the preceding paragraph by a vote of the Members, as hereinafter provided, for the next succeeding year, and, thereafter, at the end of such year, for each succeeding year. Any change made pursuant to this paragraph shall have the assent of a majority of the then Members of the Association. A meeting of the Members shall be duly called for this purpose.

(c) The Board of Directors may from time to time fix the annual assessment at an amount not in excess of the maximum.

Section 5.06. Notice and Quorum for any Action Authorized Under Sections 5.02. and 5.05. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5.02. or 5.05. shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty-five percent (25%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.07. Non-Payment of Assessments.

(a) Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due, shall be delinquent and shall, together with interest thereon at the rate of eighteen percent (18%) per annum and the cost of collection thereof (including attorneys' fees), as hereinafter provided, thereupon become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied and shall bind such Lot or Lots in the hands of the then Owner, his heirs, devisees, personal representatives and assigns to the extent permitted by law. The personal obligation of the Member to pay such assessment shall, in addition, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

(b) Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest from the due date at the rate of eighteen percent (18%) per annum, but in no event at a rate in excess of the maximum legal rate permitted from time to time in the State of New Jersey, and may subject the Member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix, and the Association may bring an action at law against the Member personally obligated to pay the same, or foreclose on the lien against the Lot or Lots then belonging to said Member in the manner provided by law, and interest, costs and reasonable attorneys' fees of not less than eighteen percent (18%) of the sum claimed shall be added to the amount of each assessment.

(c) If requested in writing to do so by a mortgagee, the Association shall notify the holder of the first mortgage on any Lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of thirty (30) days and in any other case where the owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days, but any failure to give such notice shall not affect the validity of the lien for any assessment levied pursuant to this Declaration, nor shall any such failure affect any of the priorities established in this Article.

Section 5.08. Assessment Certificates. The Association shall, upon demand at any time, furnish to any Member liable for any assessment levied pursuant to this Declaration (or any other party legitimately interested in the same) a certificate in writing signed by an officer of the Association, setting forth the status of said assessment, i.e., whether the same is paid or

unpaid. Such certificate shall be evidence of the payment of any assessment therein stated to have been paid. A reasonable charge may be levied in advance by the Association for each certificate so delivered.

Section 5.09. Acceleration of Installments. Upon default in the payment of anyone or more monthly installments of any assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 5.10. Priority of Lien.

(a) The lien established by this Declaration shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(1) general and special assessments for ad valorem real estate taxes on the Lot; and

(2) the liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot prior to the assessment thereon of the maintenance assessments provided for in this Declaration or duly recorded on said Lot after receipt of a written statement from the Board of Directors reflecting that payments on account of any such assessments were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance.

(b) Notwithstanding any other provision of this Declaration to the contrary, the lien of any assessment levied pursuant to this Declaration upon any Lot, as in this Article provided, shall be subordinate to the lien of any deed of trust, mortgage or other encumbrance duly recorded on such Lot and made in good faith and for value received and shall in no way affect the rights of the holder of any such deed of trust, mortgage or other encumbrance; provided, however, that such subordination shall apply only to assessments, and installments thereof, which have become due and payable prior to a sale or transfer of the Lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the Lot and made in good faith and for value received who comes into possession of the Lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid maintenance assessments levied against the Lot which accrue prior to the foreclosure sale. Such foreclosure, deed, assignment or other proceeding or arrangement

in lieu of foreclosure shall not, however, relieve the purchaser at any foreclosure sale from any liability for any maintenance assessments thereafter becoming due, or from the lien herein created to secure the payment of such maintenance assessments, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

(c) No amendment to this Section shall affect the rights of the holder of any first mortgage of any Lot (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

(d) The Board of Directors may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages (or of the indebtedness secured thereby) not otherwise entitled thereto.

Section 5.11. Commencement of Annual Assessments. Except as may be otherwise resolved by the Board of Directors of the Association, the annual maintenance assessment for each Class A membership shall commence on the date a deed for the Lot to which such Class A membership is appurtenant is delivered by the Declarant to the Class A Member. Such assessment shall be deemed fixed and accomplished without further action by the Declarant, the Association or the Board of Directors. The first monthly installment of each such annual assessment shall be made for the balance of the month during which a deed for the Lot is delivered to the Class A Member and shall become due and payable and a lien on the date a deed for the Lot is delivered to the Class A Member. Except as herein elsewhere provided, the monthly installments of each such annual assessment for any Lot for any month after the first month shall become due and payable and a lien on the first day of each successive month. Except as set forth in Section 5.12 below, the Lots which are owned by the class B Members shall be exempt from paying the assessments described herein, provided that at all times during such exemption, the Class B Member shall be responsible for the day-to-day costs and expenses of operating and maintaining the Association (which shall specifically exclude any responsibility to fund the replacement reserves) to the extent that such day-to-day costs and expenses exceed the total assessments charged to the Class A Members. The Class B Members may elect to pay the full assessment for each Lot at any time, and after such election, the obligations of the Class B Members shall be limited to the payment of the assessments for any Lots owned by them in accordance herewith.

Section 5.12. Assessment of Declarant. The Declarant shall pay the full maximum assessments for Lots owned by Declarant, which have been improved with a completed dwelling, provided such

completed dwellings are occupied, whether as a model home, a sales office, or otherwise.

Section 5.13. Exempt property. No portion of the Common Area shall be subject to assessment of any kind by the Association.

ARTICLE VI
ARCHITECTURAL CONTROL

Section 6.01. Architectural Change Approval. Except for construction or development by, for or under contract with the Declarant, and except for any improvements to any Lot or to the Common Area accomplished by the Declarant concurrently with said construction and development, no building, shed, fence, wall or other structure or improvement of any type or any nature shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made, commenced or maintained on any Lot (including, but not limited to, changes in color, changes or additions to driveway or walkway surfaces and landscaping modifications) which would, in any manner, alter the appearance of any Lot or any improvement thereon until the plans and specifications showing the nature, kind, shape, height, size, materials, type of construction and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography and conformity with the design concept for the Property by the Board of Directors of the Association, or by a covenant committee composed of three (3) or more representatives appointed by the Board of Directors of the Association ("Covenant Committee"). In the event said Board, or its designated Covenant Committee, fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications (and all other Materials and information required by the Board of Directors or the Covenant Committee) have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with by the applicant. Approval by the Covenant Committee or by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability or other qualities of the item being reviewed. Any exterior addition to or change or alteration made without application having first been made and approval obtained as provided above shall be deemed to be in violation of this covenant and the addition, change or alteration may be required to be restored to the original condition at the Owner's cost and expense. In any event, no such exterior addition to or change or alteration shall be made without approvals and permits therefor having first been obtained by the Owner from the applicable public authorities or agencies.

Section 6.02. Initiation and Completion of Approved Changes. Construction or alterations in accordance with plans and specifications approved by the Covenant Committee or by the Board pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Covenant Committee or by the Board (whether by affirmative action or by forbearance from action as provided in Section 6.01), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Covenant Committee or the Board shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Covenant Committee or by the Board shall be deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Covenant Committee or by the Board without any prior consent in writing of the Covenant Committee or the Board, as applicable. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Covenant Committee or the Board to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 6.03. Certificate of Compliance. Upon completion of any construction or alterations or other improvements or structures in accordance with plans and specifications approved by the Covenant Committee or by the Board in accordance with the provisions of this Article, the Covenant Committee or the Board shall, at the request of the Owner thereof, issue a certificate of compliance which shall be evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Covenant Committee or by the Board and construction or installation is in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 6.04. Covenant Committee Rules and Regulations. The Covenant Committee or the Board may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver and/or modification of the provisions of this Article or any other provision or requirement of this Declaration.

Section 6.05. Appeals. Any Member dissatisfied with a decision of the Covenant Committee or the Board may, within

fifteen (15) days after the rendering of such decision, make an appeal thereof to the Board of Directors. Not less than fifteen (15), nor more than sixty (60), days after the noting of such appeal, the Board of Directors shall conduct a hearing thereon. Within fifteen (15) days of such hearing, the Board of Directors may affirm, reverse, modify or remand the decision appealed. A majority of the Board of Directors shall be required to reverse a decision of the Covenant Committee. The Board of Directors is hereby authorized and empowered to promulgate reasonable rules of procedure for the conduct of such appeals and hearings. In the event that the Board of Directors, itself, acts in the capacity of the Covenant Committee, no such right of appeal will lie.

ARTICLE VII USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Property and each Lot therein is subject to the following:

Section 7.01. Permitted Uses. The dwellings built upon the Lots shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any Lot other than one used as a single-family dwelling. NOTHING CONTAINED IN THIS ARTICLE, OR ELSEWHERE IN THIS DECLARATION, SHALL BE CONSTRUED TO PROHIBIT THE DECLARANT FROM THE USE OF ANY LOT FOR PROMOTIONAL OR DISPLAY PURPOSES, OR AS "MODEL HOMES", A SALES AND/OR CONSTRUCTION OFFICE, OR THE LIKE OR FROM THE CONSTRUCTION, MARKETING AND SALE OF "SPEC" HOUSES.

Section 7.02. Prohibited Uses and Nuisances. Except for the activities of the Declarant and/or holders of Class B memberships by virtue of specific assignment from the Declarant during the construction or development of the Community, or except with the prior written approval of the Board of Directors or the Covenant Committee, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Area:

(a) No noxious or offensive trade or activity shall be carried on upon any Lot (including within any dwelling) or any other part of the Property, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the Community or other Members. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements constructed upon any Lot.

(b) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot or within any

dwelling, or any other part of the Property, except that this provision shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not a source of annoyance or nuisance to the Community or other Members; (iii) no more than two (2) such domestic pets may be maintained upon a Lot or the dwelling erected thereon; and (iv) such pets are maintained in strict conformance to all law and ordinances. The Board of Directors or, upon resolution of the Board of Directors, the Covenant Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other Members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Area unless accompanied by a responsible person and unless they are carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

(c) No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind shall be permitted in any dwelling or upon any Lot or other part of the Property.

(d) Except for parking within garages, and except as hereinelsewhere provided, no junk vehicles, commercial vehicles of any kind (including vans used for commercial use), trucks (in excess of 1 ton) and/or other vehicles requiring a Class A, B, or C operating license (as defined by the New Jersey Department of Motor Vehicles), unlicensed or inoperable motor vehicles (which shall include, without limitation, any vehicles which would not pass applicable State inspection criteria), trailers, house trailers, mobile homes, boats or other similar machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the Common Area) shall be kept upon the Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon.

(e) Trash and garbage containers shall not be permitted to remain in public view except on days of trash collection.

(f) No Lot or dwelling shall be divided or subdivided and no portion of any Lot or dwelling, other than the entire Lot or dwelling, shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant,

and the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person for any purpose.

(g) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on private streets and roadways. Without limiting the generality of the foregoing, no wire or other lawn edging, fencing or other landscape feature shall be placed or maintained on any Lot which would be inharmonious with the aesthetics of the Community. For the purposes of the immediately preceding sentence, wire lawn edging shall be deemed inharmonious.

(h) No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable or other similar structure shall be erected, used or maintained on any Lot at any time; provided, however, that one (1) storage or tool shed or other similar building may be erected and maintained in the rear yard of any Lot as long as (i) the total maximum area of any such shed or building shall not be greater than forty (40) square feet; (ii) no portion of such shed or building shall extend beyond fifteen (15) feet from the rear of the dwelling on the Lot; (iii) the outside finishes and materials and exterior design thereof shall be in conformity with the dwelling constructed on the Lot, provided that such shed or building shall not be required to be constructed of brick or siding; (iv) such shed or building shall be adequately screened from the streets within the Community; and (v) such shed or building shall be approved by the Covenant Committee or the Board of Directors as provided in Article VI of this Declaration. Decorative lawn ornaments shall be used and maintained in the rear yard of any Lot and shall be screened from public view. No swimming pools shall be located on any Lot.

(i) Except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such promotional sign or signs as may be maintained by the Declarant or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or dwelling; provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Lot or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any

proceeding, arrangement, assignment or deed in lieu of foreclosure.

(j) No water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground and no wire, cable or other similar transmission line may be attached to the exterior of any structure on any Lot. Except during periods of actual use, no hose shall be stored or placed in the front or side yard of any dwelling unless screened from public view.

(k) No fence or wall shall be erected, placed or constructed on any Lot nearer to any street in the Community than the rear corner of the dwelling which is closest to any such street, but in no event shall any fence or wall be erected, placed or constructed on any Lot nearer to any street in the Community than the minimum building setback or restriction lines as shown on the Development Plan or the recorded subdivision plats of the Property or any amendments thereto. Fences shall be of the split-rail type or picket type and such fences may consist of welded-wire on the inside part thereof. Chicken wire or other similar wire fences, barbed wire fences and electric fences shall be expressly prohibited. No fence or wall shall exceed forty-eight (48) inches in height, and any fence or wall shall not interfere with underground or surface drainage, structures, pipes, wires or ditches. This height restriction shall not apply to enclosures of patios, swimming pools or retaining walls required by topography. No wooden fence shall be painted except with a natural stain or finish, and all walls shall be constructed with natural stone. All fences and walls shall be approved by the Covenant Committee or the Board of Director's as provided in Article VI of this Declaration. The installation of a fence shall relieve the Association from the responsibility of maintaining the lawn inside the fenced area.

(l) No structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard direction or flow of any drainage channels.

(m) Without the prior approval of the Covenant Committee, no outside television aerial or radio antenna, or other aerial or antenna for either transmission, shall be maintained upon the Property, except that such aerials or antennae may be erected and maintained within the dwellings any Lot. Satellite dishes shall not be allowed.

(n) No equipment or machinery (including, without limitation, equipment or machinery for use in connection with the maintenance of any dwelling) shall be stored the front or side

yard of any Lot, and in no event shall such equipment or machinery be stored in a manner as to be visible from the streets and roadways located within the Community.

(o) No Member shall make any private or exclusive or proprietary use of any of the Common Area except with the specific approval of the Covenant Committee and then only on a temporary basis, and no Member shall engage or direct any employee or contractor of the Association on any private business of the Member during the hours such employee or contractor is employed by the Association, nor shall any Member direct, supervise or in any manner attempt to assert control over any employee or contractor of the Association.

(p) Children's outdoor playhouses and swinging or climbing apparatus or equipment shall be permitted in the rear yards of Lots only. The location of the children's outdoor playhouses and swinging or climbing apparatus or equipment shall not impair or interfere with maintenance of the lawns by the Association's

(q) No garage or outbuilding properly erected on a Lot shall at any time be used for human habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human habitation.

(r) Notwithstanding anything to the contrary contained in this Declaration, no garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles without the prior approval of the Board of Directors or the Covenant Committee.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 7.02, THE PROVISIONS OF SAID SECTION 7.02 SHALL NOT APPLY TO ANY DWELLING OWNED BY THE DECLARANT, ITS SUCCESSORS OR ASSIGNS (NOT INCLUDING THE OWNERS).

Section 7.03. Leasing and Transfers.

(a) No portion of a dwelling, other than an entire dwelling, may be leased or rented. All leases shall contain provisions advising the tenant of his/her obligation to comply with all provisions of this Declaration, the By-Laws and the rules and regulations of the Association. The Owner(s) of a leased dwelling shall notify the Association in writing of the Owners' current address. The Owner(s) of a leased dwelling shall be jointly and severally liable with his tenant(s) to the Association to pay any claim for injury or damage to persons or property caused by any action or omission, including, without limitation, the negligence of the tenant(s) and/or failure of tenant to comply with all provisions of this Declaration, the By-Laws or the rules and regulations of the Association. Every lease shall be subordinate to any lien filed by the Association,

whether before or after such lease was made. The minimum term any dwelling may be rented or leased shall be ninety (90) days, and in no event may a transient tenant be accommodated in any dwelling.

(b) Prior to the sale, conveyance or transfer of any Lot to any person, the Owner shall notify the Board of Directors in writing, by certified mail, return receipt requested, of the name and address of the person to whom the proposed sale, conveyance or transfer is to be made and provide to it such other information as the Board of Directors may reasonably require. Failure to comply with the provisions of this Section 7.03(b) shall not void, prohibit or otherwise invalidate the sale, conveyance or transfer of any Lot nor may it have any affect upon any mortgage or deed of trust thereon.

(c) THE DECLARANT, ITS SUCCESSORS AND ASSIGNS, AND ITS NOMINEE OR NOMINEES AND ANY AGENTS, SERVANTS AND/OR EMPLOYEES THEREOF SHALL BE EXEMPT FROM THE PROVISIONS OF THIS SECTION 7.03.

Section 7.04. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area or "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules.

Section 7.05. EXEMPTIONS. NONE OF THE RESTRICTIONS SET FORTH IN THIS ARTICLE VII SHALL BE APPLICABLE TO THE ACTIVITIES OF:

(a) The Declarant, its officers, employees, agents or assigns, in their development, marketing, leasing and sale of Lots within the Property; or

(b) The Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area.

Section 7.06. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Common Area.

(b) Each Lot within the Property is hereby declared to have an easement, not exceeding eighteen inches (18") in width, over all adjoining Lots and Common Area for the purpose of accommodating any encroachment due to engineering errors, errors

in original construction, settlement or shifting of the building, roof overhangs, gutters, architectural or other appendages, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments as set forth above over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

(c) There is hereby reserved unto the Declarant as long as in title [and to such other party(ies) as the Declarant may specifically, and in writing, assign such rights], for the benefit of the Lots and Common Area to be established hereafter from the Property, a blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property and/or each Lot), for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including; but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities and storm water management facilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property. Further, there is hereby reserved for the benefit of the Lots and Common Area a right of any owner of any dwelling within the Property to use any recreational or other similar facilities that may, from time to time, be located within the Property. There is further reserved unto the Declarant the right to erect entry features, promotional and other similar items within the Property provided they do not unreasonably interfere with the use, operation and enjoyment of the Property. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection (c). Further, without limiting the

generality of the foregoing, the Declarant reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary in order to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Property; provided, however, that if requested by the Declarant, any party having an interest in the Property shall promptly join in and execute such confirmatory easements and other agreements. Declarant also reserves the right to enter into the Common Area for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon. Each Lot shall further be subject to a public pedestrian access easement over and upon any sidewalk (or the replacement thereof) constructed on the Lot by the Declarant, which sidewalk is reasonably deemed to be for the use of the community of which the Lot is a part.

(d) An easement is hereby reserved to Declarant to enter the Common Area during the period of construction and sale on the Property, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, a business office, sales office, storage area, construction yards, signs, displays and model units.

(e) There is further reserved unto the Declarant and its agent(s) a non-exclusive easement over, across and through all of the Common Area for the purpose of access, the storage of building supplies and materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction or rehabilitation and repair of the Property.

(f) For a period of ten (10) years from the date of conveyance of the first Lot by the Declarant, the Declarant reserves a blanket easement and right on, over and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the portion of the Property and/or Lot affected) to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. There is further reserved unto the Declarant the right to grant specific

easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection (f).

(g) The rights and duties with respect to sanitary sewer and water, storm drains, yard drains, cable television, electricity, gas and telephone lines and facilities shall be governed by the following:

(i) Whenever water, sanitary sewer and water, storm drains, yard drains, electricity, gas, cable television or telephone connections, lines, cables or any portion thereof, are or have been installed within the Property, the Owner of any Lot, or the Association shall have the right, and are hereby granted an easement to the extent necessary therefor, to enter upon or have a utility company enter upon any portion of the Property in which said installations lie, to repair, replace and generally maintain said installations.

(ii) The right granted in subparagraph (a) above shall be only to the extent necessary to entitle the property of the Owner or Association serviced by said installation to its full and reasonable use and enjoyment, and provided further that anyone exercising said right shall be responsible for restoring the surface of the easement area so used to its condition prior to such use.

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, upon written request of one of such owners addressed to the Association, the matter shall be submitted to its Board of Directors, who shall decide the dispute, and the decision of the Board shall be final and conclusive as to the parties.

(h) The Association shall have an easement to enter any portion of the Property for the performance of its duties hereunder; provided that except as provided in Article VIII hereof, such easement shall not entitle the entry within the interior portion of any dwelling located on the Property, but (by way of illustration only and not in limitation of the rights granted herein) shall permit the entry into fenced, or other similar areas of the Property.

(i) A mutual right and easement for utility services is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere with utility services being provided to other owners within the Project. If a Lot contains any utility pipes, ducts, conduits, wires or the like which are for the benefit, in whole or in part, of other Owners within the Project, then the owner of such Lot

shall promptly, at his expense, repair any damage to such utilities caused by the owner, his guests or invitees.

(j) The Association, its agents and employees, shall have an irrevocable right and an easement to enter the Lots for the purposes of exercising the rights and fulfilling the obligations established by this Declaration.

ARTICLE VIII MAINTENANCE

Section 8.01. Owners, Rights and Responsibilities. Except as otherwise specifically provided in this Declaration, each Owner shall keep each Lot owned by him, and all improvements therein or thereon, in good order and repair and free of debris in a manner and with such frequency as is consistent with good property management and the Community-Wide Standard. In the event an Owner of any Lot in the Property shall fail to maintain the Lot and the improvements situated thereon, the Board of Directors or its agent shall have the right to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration shall be collectible from the owner of such Lot in the same manner as assessments as provided in Article V herein.

Section 8.02. Association Maintenance. The Association shall maintain and keep in good order the Common Area, such maintenance to be funded as hereinafter provided. In addition, the Association shall maintain and keep in good repair rights-of-way and entry strips, whether owned as part of a Lot or dedicated for public use, so long as the rights-of-way or entry strips are within or appurtenant to the Property. This obligation shall include, but not be limited to, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and improvements situated upon such areas.

ARTICLE IX INSURANCE

Section 9.01. Individual Coverage. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all risk casualty insurance on a dwelling, at a minimum, such coverage shall provide coverage against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard. Each

Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction to the dwelling and other structures constructed on the Lot, the Owner shall proceed promptly to repair or to reconstruct the dwelling and other damaged structures in a manner consistent with the original construction. In the event that a dwelling is totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction of the dwelling on such Lot.

Section 9.02. Required Coverage.

(a) The Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay the premiums, as a Common Expense, upon a policy of property insurance covering all the Common Area (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the extent that they are a part of the Common Area of the Association, as well as common personal property and supplies. The insurance policy shall afford, as a minimum, protection against loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "All Risk" endorsement, where such is available. The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the Common Area (less a deductible deemed reasonable by the Board of Directors) and shall name the Association as the named insured.

(b) Each hazard insurance policy must be written by a hazard insurance carrier which has been in the business of underwriting hazard insurance policies for at least five (5) years, has reserves and a financial net worth acceptable to the Board of Directors, and is specifically licensed or authorized by law to transact business within the State of New Jersey. The policy contract shall provide that no assessment may be made against the mortgagees, and that any assessment made against others may not become a lien on the mortgaged premises superior to any mortgage thereon. Additionally, if applicable, the Association shall obtain a steam boiler and machinery coverage endorsement which provides that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the buildings housing the boiler or machinery. Any hazard policy shall have such deductible as deemed appropriate and reasonable by the Board of Directors under all of the applicable circumstances.

(c) All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located. The mortgagee clause must provide that all property insurance policies must provide an Agreed Amount and Inflation Guard Endorsement, if available, and a Construction Code Endorsement if the Common Area in the Association are subject to a construction code provision which would become operative and require changes to undamaged portions of the building(s), thereby imposing significant costs in the event of partial destruction of the project by an insured peril.

(d) If any portion of the Common Area is in a special flood hazard area, as defined by the Federal Emergency Management Agency, the Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay, as a common expense, the premiums upon a "master" or "blanket" policy of flood insurance on Common Area buildings and any other Common Area property. The policy shall be in an amount deemed appropriate, but not less than the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the Common Area located within a designated flood hazard area or one hundred percent (100%) of current replacement cost of all such buildings and other insurable property, with any such policy to have a deductible deemed reasonable by the Board of Directors under all the circumstances.

(e) The Association shall maintain comprehensive general liability insurance coverage covering all of the Common Area, public ways of the Property, and other areas that are under its supervision (including, but not limited to, commercial spaces, if any, owned by the Association, whether or not they are leased to third parties). Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. However, such coverage shall be for at least One Million Dollars (\$1,000,000.00) for bodily injury and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation and maintenance or use of the Common Area, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. Such insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an owner because of negligent acts of the Association or other owner. Such policies must provide that they may not be canceled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Association.

(f) Blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, managers, trustees, and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall be covered by its own fidelity bond. All fidelity bonds, including those entered into by, and/or on behalf of or for the benefit of a management agent and its personnel, should name the Association as an obligee (for bonds entered into by or on behalf of, or for the benefit of a management agent and its personnel, the Association should be named as an additional obligee). Fidelity bonds entered into by the Association shall have their premiums paid as a Common Expense of the Association. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds that will be in the custody of the Association or management agent at any time, but must at least equal the sum of three (3) months' assessments on all Lots within the Property, plus the Association's reserve funds. The bonds shall provide that they cannot be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association and to all Eligible Mortgage Holders.

ARTICLE X
PARTY FENCES, DRIVEWAYS AND WALLS

The rights and duties of the owners with respect to party fences, driveways and walls shall be governed by the following:

Section 10.01. General Rules of Law to Apply. Each fence, driveway or wall which is constructed as a part of the original construction on the Property and any part of which is placed on the dividing line between separate Lots, shall constitute a party fence, driveway or wall, as applicable, and with respect to such fence, driveway or wall, each of the adjoining owners shall assume the burdens, and be subject to an easement for the benefit of the adjoining Lot for that portion of the fence, driveway or wall on his or her Lot, and be entitled to the benefits of these restrictive covenants for that portion of the fence, driveway or wall located on the adjoining Lot and, to the extent not inconsistent herewith, the general rules of law regarding party fences, driveways and walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 10.02. Sharing of Repair and Maintenance and Destruction or Other Casualty. If any such party fence, driveway or wall is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining owners,

his/her agents, or family (including ordinary wear and tear and deterioration from lapse of time), then, in such event, both such adjoining owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly, in proportion to their respective use of the party fence, driveway or wall.

Section 10.03. Repairs of Damage Caused by One Owner. If any such party fence, driveway or wall is damaged or destroyed through the act of one adjoining Owner or any of his/her agents or guests or members of his/her family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining owner of the full use and enjoyment of such fence, driveway or wall, then the owner responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 10.04. Encroachments. If any portion of a party fence, driveway or wall shall encroach upon any adjoining Lot, or upon the Common Area by reason of reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the improvement shall exist.

Section 10.05. Other Changes. In addition to meeting the other requirements of these restrictive covenants, and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his residence in any manner which requires the extension or other alteration of any party fence, driveway or wall, shall first obtain the written consent of the adjoining owner.

Section 10.06. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 10.07. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party fence, driveway or wall or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to its Board of Directors who shall decide the dispute, and the decision of such Board of Directors shall be final and conclusive upon the parties.

ARTICLE XI MANAGEMENT

Section 11.01. Management Agent. The Board of Directors may employ for the Association a professional management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and

services as the Board of Directors shall from time to time authorize in writing, including, without limitation, the duty:

(a) To establish (with the approval of the Board of Directors of the Association) and provide for the collection of the annual maintenance assessments and any other assessments provided for in this Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration; and

(b) To provide for the care, upkeep, maintenance and surveillance of the Common Area; and

(c) To designate, hire and dismiss such contractors as may be required for the good working order, maintenance and efficient operation of the Common Area; and

(d) To promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Common Area; and

(e) To provide such other services (including legal and accounting services) for the Association as may be consistent with law and the provisions of this Declaration.

Section 11.02. Duration of Management Agreement.

(a) Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods.

(b) Any Management Agreement entered into by the Declarant, its nominee or nominees, assigns, successor(s) or agent thereof, prior to transfer of control of the Association must be terminable, without cause, any time after transfer of control, on not more than ninety (90) days' notice, and no charge or penalty may be associated with such termination.

Section 11.03. Self Management.

(a) If the standards and regulations of FNMA and/or FHLMC prohibit self-management by the Association and FNMA and/or FHLMC holds an interest in a first mortgage or deed of trust against any of the Lots, then no such self-management shall be undertaken by the Association, without the prior written consent and

approval of all of the Mortgagees of record on the Lots.

(b) Provided that any Lot subject to this Declaration is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans' Administration, and, provided further, that FHA and/or VA standards and regulations prohibit self-management of the Association, then no such self-management shall be undertaken by the Association without the prior written consent and approval of FHA or VA, as the circumstances may require.

ARTICLE XII GENERAL PROVISIONS

Section 12.01. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Declaration. The Board of Directors, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant.

Section 12.02. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 12.03. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the Common Expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Area, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any Member for loss or damage, by theft or otherwise, of articles which may be stored upon the Common Area. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 12.04. Enforcement.

(a) The Declarant, Association, or any Owner, or any mortgagee of any Lot shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other

obligations or terms now or hereafter imposed by the provisions of this Declaration, or the Articles of Incorporation or By-Laws of the Association or any rule or regulation promulgated by the Association pursuant to its authority as provided in this Declaration, Articles of Incorporation or By-Laws. Failure by the Declarant, Association or by any Owner or by any mortgagee of any Lot to enforce any covenant or restrictions herein contained or any provision of the By-Laws, Articles of Incorporation or rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the By-Laws or Articles of Incorporation of the Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Declarant, Association, or any owner, or mortgagee of any Lot, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Declaration or the Articles of Incorporation or By-Laws of the Association, the costs of such action, including legal fees and costs, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall also be a lien upon the Lot of such Owner in the manner provided by law.

(b) Without limiting the generality of the foregoing, and in addition to any other remedies available, the Declarant and/or Association after reasonable notice, in writing, provided to the Owner, may enter any Lot to remedy any violation of the provisions of this Declaration, the By-Laws, Articles of Incorporation or rules and regulations of the Association; provided, however, that the Declarant and/or the Association may not enter the interior of any dwelling except in an emergency. The costs of such action shall become a binding, personal obligation of the Owner otherwise responsible for such violation and shall also be a lien upon the Lot of such Owner.

Section 12.05. Fines. In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner or his guests, relatives, lessees or invitees, in the manner set forth herein, and such fines shall be collectible as any other assessment such that the Association shall have a lien against the Lot of such Owner as provided in this Declaration, the By-Laws and the Articles of Incorporation and such fine(s) shall also become the binding personal obligation of such Owner.

(a) The Board of Directors, or the Covenant Committee duly appointed by the Board of Directors, shall be charged with determining where there is probable cause that any of the provisions of this Declaration, the By-Laws, Articles of Incorporation or the rules and regulations of the Association,

regarding the use of the Lots, Common Area or other Association property, are being or have been violated. In the event that the Board of Directors or the Covenant Committee determines an instance of such probable cause, it shall cause the Board of Directors to provide written notice to the person alleged to be in violation, and the owner of the Lot which that person occupies or is visiting if such person is not the Owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors upon a request made within ten (10) days of the sending of the notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine not to exceed Fifty Dollars (\$50.00) for each offense. The notice shall also specify, and it is hereby provided, that in lieu of requesting a hearing, the alleged violator or Owner may respond to the notice within ten (10) days of its sending, acknowledging in writing that the violation occurred as alleged and promising that it will henceforth cease and will not recur, and that such acknowledgment and promise, and performance in accordance therewith, shall terminate the enforcement activity of the Association with regard to such violation.

(b) If a hearing is timely requested, the Board of Directors shall hold the same, and shall hear any and all defenses to the charges, including any witnesses that the alleged violator, Owner or the Board of Directors or Covenant Committee may produce. Any party at the hearing may be represented by counsel.

(c) Subsequent to any hearing, or if no hearing is timely requested and if no acknowledgment and promise is timely made, the Board of Directors shall determine whether there is sufficient evidence of a violation or violations as provided herein. If the Board of Directors determines that there is sufficient evidence, it may levy a fine for each violation in the amount provided herein.

(d) A fine pursuant to this Section 12.05 shall be assessed against the Lot which the violator occupied or was visiting at the time of the violation, whether or not the violator is an Owner of that Lot, and shall be collectible in the same manner as any other assessment, including by the Association's lien rights as provided in this Declaration and the By-Laws. Nothing herein shall be construed to interfere with any right that an Owner may have to obtain from a violator occupying or visiting his Lot payment of the amount of any fine(s) assessed against that Lot.

(e) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of this Declaration, the By-Laws, Articles of Incorporation or rules and regulations,

including, but not limited to, legal action for damages or injunctive relief.

Section 12.06. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 12.07. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date that this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument approved by not less than two-thirds (2/3) of the then Class A Members and two-thirds (2/3) of the then Class B votes, if any, and thereafter, by an instrument approved by not less than fifty-one percent (51%) of the then Class A Members. Any amendment must be recorded.

Section 12.08. FHA-VA Approvals. Provided that any Lot subject to this Declaration is then encumbered by a deed of trust or mortgage which is insured by FHA or guaranteed by VA, and further provided that there are then Class B memberships of the Association outstanding, neither the Members, the Board of Directors, nor the Association shall by act or omission, take any of the following actions without the prior written consent or approval of the Federal Housing Administration ("FHA") and the Veterans Administration ("VA"), as circumstances may require:

- (a) Change the basic organization of the Association, including the merger, consolidation, or dissolution of the Association; or
- (b) Dedicate, convey, or mortgage the Common Area; or
- (c) Annex additional properties which are not part of the Development Plan; or
- (d) Otherwise materially modify or amend any provision of this Declaration, the By-Laws or the Articles of Incorporation of the Association.

Section 12.09. Consents. Any other provision of this Declaration or the By-Laws or Articles of Incorporation of the Association to the contrary notwithstanding, neither the Members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions:

(a) Abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common Area directly or indirectly owned by the Association unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than sixty-seven percent (67%) of the then Class A Members and not less than sixty-seven percent (67%) of the Class B votes, if any, have given their prior written approval; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by Members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) Abandon or terminate this Declaration unless at least sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than ninety percent (90%) of the then Class A Members and not less than ninety percent (90%) of the Class B votes, if any, have given their prior written approval; or

(c) Conversion of Lots into Common Area or vice versa unless sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than ninety percent (90%) of the then Class A Members and not less than ninety percent (90%) of the Class B votes, if any, have given their prior written approval; or

(d) Unless the prior written consent of fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and the requisite number of Members as provided in Section 12.07 of this Declaration has been obtained, modify or amend any material provision of this Declaration, which establish, provide for, govern or regulate any of the following:

(i) Voting rights;

(ii) Assessments, assessment liens or subordination of such liens;

(iii) Reserves for maintenance, repair and replacement of the Common Area;

(iv) Insurance or fidelity bonds;

(v) Rights to use of the Common Area by any Owner, except in accordance with Section 3.01(a);

(vi) Responsibility for maintenance and repairs;

(vii) Expansion or contraction or the Property subject to this Declaration or the addition, annexation or withdrawal of property to or from this Declaration;

(viii) Boundaries of any Lot;

(ix) A decision by the Association to establish self-management when professional management had been previously required by an Eligible Mortgage Holder;

(x) Leasing of dwellings;

(xi) Imposition of any restrictions on the rights of an Owner to sell or transfer his or her Lot;

(xii) Restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; or

(xiii) Any provisions which expressly benefit mortgage holders, Eligible Mortgage Holders or insurers or guarantors.

An addition or amendment to the Declaration shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An Eligible Mortgage Holder who receives a written request to approve such non-material additions or amendments who fails to submit a response within thirty (30) days shall be deemed to have approved such request.

(e) Substantially modify the method of determining and collecting assessments against an Owner or his Lot as provided in this Declaration, unless at least sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than sixty-seven percent (67%) of the then Class A Members and not less than sixty-seven percent (67%) of the Class B votes, if any, have given their prior written approval; or

(f) Waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of buildings or structures on the Lots, the exterior maintenance of buildings or structures on the Lots, the maintenance of the Common Area, party walkways or common fences and driveways, or the upkeep of lawns and plantings within the Property unless at least sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than sixty-seven percent (67%) of the then Class A Members and not less than sixty-seven percent (67%) of the Class B votes, if any, have given their prior written approval; or

(g) Fail to maintain insurance in accordance with Section 9.02 of this Declaration, unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than sixty-seven percent (67%) of

the then Class A Members and not less than sixty-seven percent (67%) of the Class B votes, if any, have given their prior written approval; or

(h) Use hazard insurance proceeds for losses to any Association Common Area for more than the repair, replacement or reconstruction of such Common Area or property, unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each mortgage owned) and not less than sixty-seven percent (67%) of the then Class A Members and not less than sixty-seven percent (67%) of the Class B votes, if any, have given their prior written approval.

(i) Nothing contained in this Section 12.09 shall be construed to prevent the Declarant from adding to the common elements or from granting any easements which the Declarant determines, in its sole discretion, would facilitate and enhance the orderly development and maintenance of the Project.

Section 12.10. Additional Rights of Mortgagees-Notice.

(a) The Association shall promptly notify all Eligible Mortgage Holders who hold mortgages on any Lot for which an assessment levied pursuant to the Declaration, or any installment thereof, becomes delinquent for a period in excess of sixty (60) days and the Association shall promptly notify any Eligible Mortgage Holder who holds a mortgage on any Lot with respect to which any default in any other provision of this Declaration remains uncured for a period in excess of sixty (60) days following the date of such default. Any failure to give any such notice shall not affect the validity or priority of any lien held by any Eligible Mortgage Holder on any Lot, and the protection extended in this Declaration to the holder of any such mortgage shall not be altered, modified or diminished by reason of such failure.

(b) No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to this Declaration except after ten (10) days' written notice to the holder of the mortgage on the Lot which is the subject matter of such suit or proceeding.

(c) Any mortgagee of any Lot may pay any taxes, utility charges or other charge levied against the Common Area which are in default and which may or have become a charge or lien against any of the Common Area, and any such mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy, with respect to the Common Area. Any mortgagee who advances any such payment shall be due immediate reimbursement of the amount so advanced from the Association.

Section 12.11. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold mortgages of record on the Lots. No provision of this Declaration or the Articles of Incorporation or the By-Laws of the Association shall entitle any Member to any priority over the holder of any mortgage of record on his Lot with respect to the distribution to such Member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Area.

Section 12.12. Condemnation or Eminent Domain. In the event any part of the Common Area is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold mortgages of record on the Lots. No provision of this Declaration or the Articles of Incorporation or the By-Laws of the Association shall entitle any Member to any priority over the holder of any mortgage of record on his Lot with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Area.

Section 12.13. Changes Required by Lenders. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or By-Laws of the Association or this Declaration, the Declarant shall have and hereby reserves the right to make modifications, additions or deletions to the Declaration, the Articles of Incorporation and the By-Laws of the Association if such modifications, additions or deletions are required by VA, FHA, FHLMC or FNMA. The Declarant further reserves the right to waive in writing any exemption, right or privilege granted or reserved to the Declarant by this Declaration or the Articles of Incorporation or the By-Laws of the Association.

Section 12.14. Taxes and Assessments. It is the intent of this Declaration that insomuch as the interests of each Owner to use and enjoy the Common Area is an interest in real property appurtenant to each Lot, the value of the interest of each owner in such Common Area shall be included in the assessment for each such Lot and as a result, any assessment directly against such Common Area should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Lots.

Section 12.15. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the

Declarant by an instrument, in writing, without notice to the Association.

Section 12.16. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Area by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Area.

Section 12.17. Incorporation by Reference on Resale. In the event any owner sells or otherwise transfers any Lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration.

Section 12.18. Declarant Reserved Rights. No amendment to this Declaration may remove, revoke, or modify any right, reservation or privilege of the Declarant without the prior written consent of the Declarant or any successors or assignees (pursuant to Section 12.15) of the Declarant.

Section 12.19. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 12.20. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

Section 12.21. Limitation of Liability. Neither the shareholders, officers, directors, individuals or partners comprising Declarant nor the shareholders (or any of the partners comprising same), directors, officers or partners of any of the foregoing (collectively the "Parties") shall be liable for the performance of Declarant's obligations hereunder. Individual owners shall not seek any damages against any of the Parties. The liability of Declarant for Declarant's obligations hereunder shall not exceed and shall be limited to the Declarant's interest in the Property, and individual owners shall not look to any other property or assets of any of the Parties in seeking either to enforce Declarant's obligations hereunder or to satisfy a judgment for Declarant's failure to perform such obligation.