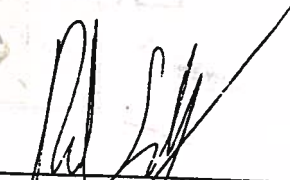


Prepared by:


Richard Schatzman
Attorney-at-Law
of New Jersey

**DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS
FOR THE
STANTON RIDGE DEVELOPMENT
READINGTON TOWNSHIP
HUNTERDON COUNTY, NEW JERSEY**

THIS DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS (herein "Declaration"), made and executed this 3rd day of November, 1993 by Stanton Properties II, a New Jersey general partnership consisting of Stanton Properties, a New Jersey general partnership in which Neil I. Van Cleef and Edward Vogel are partners and Chanco Development Corporation - Stanton, a Delaware corporation, c/o Edge Ventures, Amwell Road, P.O. Box 399, Belle Mead, New Jersey 08502 (herein the "Declarant"),

WITNESS:

WHEREAS, Declarant is the owner of certain real property situate in the Township of Readington, County of Hunterdon and State of New Jersey, more particularly described in Exhibits "A", "B", and "C" attached hereto and made a part hereof (herein the "Property"); and

WHEREAS, Declarant desires to create on the Property a residential development to be referred to herein as the "Stanton Ridge Development," which is presently planned to consist of up to 151 lots for individually owned residences, and other Homeowner Common Areas and Facilities and Country Club Areas and Facilities, as further described and defined herein, some of which are to be owned and/or maintained by a homeowners association; and

WHEREAS, the Declarant's plan for the Property contemplates development in multiple stages; and

WHEREAS, previous to the date hereof Declarant or its predecessor in interest in the Property obtained preliminary subdivision for different phases or parts of the Development, final subdivision approval for Phase I of the Development consisting of forty (40) lots, together with site plan approval for the sewer treatment facilities, the golf course and other Country Club facilities from the Readington Township Planning Board and all other governmental authorities having jurisdiction thereof;

WHEREAS, Declarant has caused or is about to cause to be created and incorporated a not-for-profit corporation known as Stanton Ridge Homeowners Association, Inc. for the purposes, among other things, of owning and, except as set forth herein, maintaining the aforesaid Homeowner Common Areas and Facilities for the use, benefit and enjoyment of the residents of the Stanton Ridge Development, and for the purpose of owning the Country Club Areas and Facilities initially and then conveying same in fee simple on condition subsequent (with a right of reverter in it should same not be maintained and operated as a Country Club with golf course and other recreational facilities as per the aforesaid approved site plan for the Development) to a certain Stanton Golf Properties, a New Jersey general partnership consisting of the same general partners as the Declarant (hereinafter "Golf Properties") which will thereafter lease the said golf course and other recreational facilities to a not-for-profit New Jersey corporation known as Stanton Ridge Golf and Country Club, Inc.; and

WHEREAS, the said Homeowners Association will own in fee simple absolute the lot upon which the sewer treatment facilities are situated together with all of the equipment, pipes, appurtenances of such sewer treatment facilities together with an additional open space lot adjoining same; and

WHEREAS, Declarant desires to ensure the attractiveness of the Stanton Ridge Development as a residential neighborhood and to ensure and provide for the maintenance and upkeep of the said Homeowner Common Areas and Facilities;

NOW, THEREFORE, Declarant, intending to be bound legally hereby declares that all of the real property described in Article II of this Declaration, including the improvements to be constructed thereon, is and shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the covenants, easements, restrictions, conditions, charges and liens hereinafter set forth, all of which are intended by Declarant to run with the land and be binding upon and enure to benefit of successors and/or assigns in title.

ARTICLE I

DEFINITIONS

Section 1.1

The following words, when used in this Declaration (unless the context clearly indicates otherwise), shall have the following meanings:

(a) "Areas of Common Responsibility" shall mean and refer to those areas, if any, which by the terms of this Declaration or by easement, contract or agreement become the responsibility of the Association.

(b) "Association" shall mean and refer to "Stanton Ridge Homeowners Association, Inc.," a not-for-profit corporation of the State of New Jersey, its successors and assigns, formed to administer, manage and operate the Homeowner Common Areas and Facilities and the common affairs of the Association on behalf of the Owners of Lots on the property subject to this Declaration and to own, lease, maintain, repair and replace the Homeowner Common Areas and Facilities of the Stanton Ridge Development, and to initially own the Country Club Areas and

Facilities, as more fully provided in this Declaration and the Association's Certificate of Incorporation and Bylaws.

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

(d) "Bylaws" shall mean and refer to the Bylaws of the Association, together with all future amendments or supplements thereto.

(e) "Certificate of Incorporation" shall mean and refer to the Certificate of Incorporation of the Association as it may be amended.

(f) "Stanton Ridge Development" shall mean and refer to (i) all the lands and premises described in Exhibits "A", "B" and "C"; (ii) all improvements now or hereinafter constructed in, upon, over or through such lands and premises, whether or not shown on any Exhibit hereto; and (iii) all rights, roads, bridges, waters, privileges and appurtenances thereto belonging or appertaining; (iv) the entire entity created by the execution and recording of this Declaration; and (v) such additions thereto of all or any portion of any additional lands or parcels of lands as may be made by Declarant by amendment to this Declaration.

(g) "Common Expenses" shall, subject to the provisions of Article VIII hereof, mean and refer to all those expenses (including reserves) incurred or assessed by the Association, or its respective trustees, officers, agents or employees, in the lawful performance of their respective duties or powers.

(h) "Country Club" shall mean and refer to the Stanton Ridge Golf and Country Club, Inc., a not-for-profit corporation of the State of New Jersey, its successors and assigns, or any similar

entity organized for the purpose of maintaining and operating the Country Club Areas and Facilities.

(i) "Country Club Areas and Facilities" shall mean and refer to the real property and the improvements thereon, designed and reserved for use by the Country Club, as described and defined in Article III, Section 3.2 hereof.

(j) "Country Club Member" shall mean and refer to the members of the Country Club as provided in the Country Club Certificate of Incorporation and/or the Bylaws.

(k) "Declarant" shall mean and refer to Stanton Properties II, a New Jersey general partnership consisting of Stanton Properties, a New Jersey general partnership in which Neil I. Van Cleef and Edward Vogel are partners and Chanco Development - Stanton, a Delaware corporation, and its successors and assigns if any such successor or assigns shall acquire more than one undeveloped Lot from the Declarant for the purpose of development, and is designated as such by Declarant as contemplated by Article XXI of this Declaration.

(l) "Declaration" shall mean and refer to this instrument with all future amendments and supplements hereto.

(m) "Drainage Rights" shall mean and refer to all of Declarant's rights, privileges, easements and rights of way to construct, use and enjoy for the benefit of the Association and the Owners, any facilities or improvements for the drainage, retention or detention of storm water, together with rights of access thereto, whether or not such facilities or improvements are physically located on the Property.

(n) "Easement Areas" shall mean and refer only to those portions of the Property, including portions of some Lots, as shown on the Final Plat(s) or the other plans or instruments filed or recorded with the Clerk of Hunterdon County which are subject to existing easements, or as may hereinafter be subjected to easements created by additional filed plat(s), or other

recorded plans or instruments. Easement Areas shall mean and refer only to the lands subject to the Declaration, even if portions of those lands include easements which extend beyond the Property subject at the time to the Declaration.

(o) "Federal Mortgage Agencies" shall mean and refer to those federal agencies who have or may come to have an interest in the Stanton Ridge Development, including, but not limited to, the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, and the Federal Home Loan Bank Corporation, and the Government National Mortgage Association, or successors to their interests.

(p) "First Mortgagee" shall mean and refer to a Lender who holds the first mortgage on a Lot and who has notified the Association of its holdings.

(q) "Final Plat" or "Final Plat(s)" shall mean (i) the series of plans entitled : "Final-Plat - Stanton Ridge - Section 1" prepared by Van Cleef Engineering Associates and (ii) the plan or series of plans constituting each and every additional final plat(s) filed by Declarant with the Office of the Clerk of Hunterdon County for any subsequent stage(s) or phase(s) of the Declarant's general development plan as may be amended and made a part of the Stanton Ridge Development by virtue of amendment(s) to this Declaration as contemplated by Article II, Section 2.2 hereof or further final plats filed in the Hunterdon County Clerk's Office finalizing the aforesaid preliminary subdivision approvals obtained for this Development (after obtaining such final approval from the Readington Township Planning Board and other governmental authorities having jurisdiction thereof).

(r) "Golf Properties" means Stanton Golf Properties, a New Jersey general partnership consisting of the same general partners as the Declarant which thereafter lease the said golf course and other recreational facilities to a not-for-profit New Jersey corporation known as Stanton Ridge Golf and Country Club, Inc., after receiving title in and to the lands comprising

said golf course and recreational facilities in fee on condition subsequent from the Association as herein explained.

(s) "Governing Documents" shall mean and refer collectively and severally to the Certificate of Incorporation of the Association, the Bylaws, this Declaration and the Rules and Regulations, all as may be amended from time to time.

(t) "Homeowner Common Areas and Facilities" shall mean and refer to all real property, the improvements thereon and personal property in which the Association holds an ownership or leasehold interest or an easement for the common use and enjoyment of all Owners, as described and defined in Article III, Section 3.1 hereof, excluding the Country Club Areas and Facilities as described and defined in Article III, Section 3.2 hereof.

(u) "Lender" shall mean and refer to any commercial or savings bank, mortgage banker, savings and loan association, trust company, insurance company, governmental agency, or other financial institution or pension fund, any other lender engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such a lender.

(v) "Lot" shall mean and refer to any lot or other parcel in the Property shown upon the Final Plat, together with any and all improvements thereon, on which a residential structure could be constructed, whether or not one has been constructed.

(w) "Member" shall mean and refer to a person or entity who or which is the Owner of a Lot subject to this Declaration.

(x) "Owner" or "Owners" shall mean and refer to, individually or collectively, as applicable, those persons or entities in whom record title to any Lot whether improved or unimproved is vested as shown in the records of the Hunterdon County Clerk, and shall include the Declarant unless the context expressly indicates otherwise. An Owner shall not mean or refer to any mortgagee or any person or entity who hold an interest merely as security for the

performance of an obligation unless and until such mortgagee has acquired title to any such Lot pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure. The term "Owner" shall not include or refer to any lessee or tenant of an Owner.

(y) "Permitted Mortgage" shall mean and refer to any mortgage lien encumbering a Lot, which mortgage is held by a Lender or which is a purchase money mortgage held by the Declarant or by the seller of a Lot.

(z) "Property" shall mean and refer to (i) the real property situate in Readington Township, Hunterdon County, New Jersey more particularly described in Exhibits "A", "B", and "C" attached hereto, and made subject to this Declaration under the provisions of Article II, Section 2.1 hereof, and (ii) such additions thereto as may be made by Declarant by amendment to this Declaration.

(aa) "Reserved Homeowner Common Areas and Facilities" shall mean and refer to the Homeowner Common Areas and Facilities described in Section 3.3 herein.

(bb) "Rules and Regulations" shall mean and refer to the rules and regulations duly adopted by the Board with all future amendments and supplements thereto.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 2.1 Property. The real property which is and shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the covenants, easements, restrictions, conditions, charges and liens set forth in and imposed by this Declaration shall be that real property which is more particularly described in Exhibits "A", "B", and "C" and any additional property hereafter annexed as provided in Article II, Section 2.2 hereof.

Section 2.2 Additional Property Which May Be Added. The Declarant, its successors and assigns, at any time and from time to time shall have the unilateral right, but not the obligation, by one or more amendments to this Declaration, to subject additional lands to this Declaration by an amendment to this Declaration. Any such amendment shall be recorded in the Office of the Hunterdon County Clerk and shall contain a legal description of such additional lands. Nothing herein shall be construed to require Declarant to develop or subdivide all or any portion of additional lands other than that which are described on Exhibits "A", "B", and "C" attached hereto in any manner whatsoever. No amendments made or recorded by the Declarant pursuant to this section shall require the approval or consent of any Owner or the Association.

Section 2.3 Conveyance of Declarant's Interests in Homeowner Common Areas and Facilities and Country Club Areas and Facilities. Declarant may retain legal title to all

or portions of the Homeowner Common Areas and Facilities, the Country Club Areas and Facilities and/or to all or any portion of Declarant's Drainage Rights until such time as it has completed all required improvements thereon and all Lots are conveyed to an end user, (i.e., not a conveyance to a builder or developer for use in its trade or business) and not later than ninety (90) days following such time, conveyance of same to the Association shall be required.

Although Declarant may own the Homeowner Common Areas and Facilities, all maintenance costs, operating expenses, taxes (if any), repair and replacement costs of Homeowner Common Areas and Facilities shall be provided and paid for as set forth in Article VIII herein. Declarant reserves the unilateral right, without the consent of the Owners or the Association, at any time to grant and convey or to cause the grant and conveyance to the Association, for the benefit of the Owners, all of Declarant's right, title and interest, in and to all or any portion of the Homeowner Common Areas and Facilities, subject to the provisions of this Declaration,

encumbrances of record, the registered public offering statement, and as may be required pursuant to the New Jersey Planned Real Estate Development Full Disclosure Act. The Association shall be obligated to accept as Homeowner Common Areas and Facilities any property or interest therein conveyed to the Association as Homeowner Common Areas and Facilities by the Declarant. Declarant further reserves the unilateral right, and this unilateral right shall also be reserved in favor of Golf Properties as well, without the consent of the Owners or the Association, at any time to grant and convey or to cause the grant and conveyance to the Association all of Declarant's and/or Golf Properties' right, title and interest, in and to all or any portion of the Country Club Areas and Facilities, subject to the provisions of this Declaration, encumbrances of record, any lease or leases, the registered public offering statement, and as may be required pursuant to the New Jersey Planned Real Estate Development Full Disclosure Act. The Association shall be obligated to accept as Country Club Areas and Facilities any property or interest conveyed to the Association as Country Club Areas and Facilities by the Declarant or Golf Properties.

Section 2.4 Conveyance of Declarant's Drainage Rights and Obligations. Declarant further reserves the unilateral right, without the consent of the Owners or the Association, to grant, convey, transfer and assign, or to cause the grant, conveyance, transfer and assignment to the Association, for the benefit of the Owners, Declarant's Drainage Rights, whether or not physically located on the Property or any additional property and to impose upon the Association in connection therewith the obligation to maintain all improvements constructed pursuant to said Drainage Rights, and the ways of access thereto, in good order and repair, so that said improvements shall be fully useful at all times for the purposes for which they were designed. The Association shall be obligated to accept any such grant, conveyance, transfer or assignment. Regardless of the status of title to the Drainage Rights, the required maintenance

costs, operating expenses, taxes (if any), repair and replacement costs shall be provided and paid for as set forth in Article VIII herein. Upon the making of such grant, conveyance, transfer or assignment, all areas and improvements connected with such Drainage Rights shall be deemed to be a part of the Homeowner Common Areas and Facilities for all purposes of this Declaration.

Section 2.5 Designation and/or Conveyance of Property for Governmental Interests. For so long as the Declarant owns any portion of the Property the Declarant shall have the unilateral right, without the consent of the Owners or the Association, to designate and/or convey or to cause the designation and/or conveyance of sites on the Property for fire, police, water and sewer facilities, public schools, parks, and other public facilities.. The right so reserved in this Section 2.5 shall not apply to Homeowner Common Areas and Facilities that have been conveyed to the Association by Declarant unless such designation and/or conveyance is undertaken pursuant to any lawful order by a government agency or by any condition imposed upon the grant of final subdivision or site plan approval by the Planning Board of Readington Township (or such other planning board or municipal body as may have jurisdiction over the Property) as set forth in any resolutions of final approval with respect to any portion of the Property.

ARTICLE III

DESCRIPTION OF HOMEOWNER COMMON AREAS AND FACILITIES, COUNTRY CLUB AREAS AND FACILITIES AND AREAS OF COMMON RESPONSIBILITY

Section 3.1 Homeowner Common Areas and Facilities. Except as otherwise provided herein, all appurtenances, facilities and other items which are not physically within the boundaries of the Lots or the Country Club Areas and Facilities and not within the bounds of streets, roads, roadways shown on final subdivision plats of the Property filed in the Hunterdon

County Clerk's Office and which are part of the Property then subject to the Declaration (or any additional Property that becomes subject to the Declaration) shall comprise the Homeowner Common Areas and Facilities. The Homeowner Common Areas and Facilities shall also include by way of description, but not by way of limitation:

(a) All land shown on Exhibits "D" and "E" whether improved or unimproved, which lands comprise a lot upon which is constructed a sewage treatment plant, pipelines and all of the accompanying equipment and an open space lot contiguous thereto.

(b) Any and all easements for any purpose, including, without limitation, for drainage, irrigation pipes, discharge for treated sewage on the Country Club Areas and Facilities and/or other parts of the Property, construction access, or emergency access, and any easement or other right which may now or hereafter be granted for the benefit of the Owners or others for access to and use of the Homeowner Common Areas and Facilities not included within the Stanton Ridge Development;

(c) All tangible personal property required for the operation, maintenance and administration of the Homeowner Common Areas and Facilities, the Stanton Ridge Development and/or the Association which may be owned or leased by the Association, excluding, however, all of the machinery, equipment and personal property used by the Country Club or owned or leased and used in connection with the operation and maintenance of the Country Club Areas and Facilities; and

(d) All other facilities or elements of any improvement on the Stanton Ridge Development necessary or convenient to the existence, management, operation, maintenance and well-being of the Stanton Ridge Development, the Homeowner Common Areas and Facilities and/or the Association, excluding, however, the Country Club Areas and Facilities.

Section 3.2 Country Club Areas and Facilities.

The Country Club Areas and

Facilities shall include (a) all land as described in Exhibits "F" and "G", and shall also include, by way of description, but not limitation, the real property and the improvements thereon, designed and reserved for use as golf facilities and tennis-swim facilities, including (i) a swimming pool and tennis courts; (ii) tennis and swim clubhouse including areas for a foyer, men's and women's locker rooms, a fitness facility, a dining area - game room and kitchen, a pro shop, and various offices and meeting rooms; (iii) an 18 hole golf course and practice areas (driving range, putting green and chipping green); (iv) a golf clubhouse including a dining room, grill, lounge, card and activity room, pro shop, administrative offices and men's and women's locker rooms; (v) parking areas and maintenance facilities related to the foregoing; (vi) the access to the Country Club and easements for ingress and egress to the golf and tennis-swim facilities; (vii) the detention basins located within the golf course areas; (viii) the golf cart and golf pedestrian cartways and paths, the path system used solely for the golf course, and easements related thereto, including, without limitation, any other easement or right which may now or hereafter be granted for the benefit of the Country Club.

Section 3.3 Reserved Homeowner Common Areas and Facilities and Areas of Common Responsibility.

The Board shall have the power in its discretion with regard to all or any portion(s) of the Homeowner Common Areas and Facilities, to (i) designate same from time to time as "Reserved Homeowner Common Areas and Facilities"; (ii) grant reserved rights to the Association, to the Country Club and/or to any or fewer than all of the Owners; and (iii) establish a reasonable charge to such Owners for the use and maintenance thereof. The exercise of such discretion by the Board shall not be construed as a sale or disposition of the Homeowner Common Areas and Facilities. The Board shall also have the power in its discretion to maintain and operate any areas, including public rights-of-way within or adjacent to Lots which

by the terms of this Declaration or by easement, contract, or agreement become the responsibility of the Association, as Areas of Common Responsibility.

ARTICLE IV

HOMEOWNER COMMON AREAS AND FACILITIES

Section 4.1 Owners' Right of Enjoyment. Every Owner's right to the use and enjoyment of the Homeowner Common Areas and Facilities shall be subject to the following:

(a) The right of the Board to promulgate Rules and Regulations for the use and enjoyment thereof;

(b) The right of the Board to suspend the voting rights and right to use and enjoy the Homeowner Common Areas and Facilities of any Owner for the period during which any assessment against his Lot remains due and unpaid, or for up to sixty (60) days for any infraction of the Rules or Regulations or for any period during which an infraction of the Rules and Regulations continues, it being understood that any suspension for either non-payment of any assessment or a breach of the Rules and Regulations shall not constitute a waiver or discharge of the Owner's obligation to pay assessments or to comply with the Rules and Regulations;

(c) All the provisions of this Declaration, and of the Certificate of Incorporation and Bylaws of the Association;

(d) The right of the Association to dedicate or convey all or any part of the Homeowner Common Areas and Facilities (or easement rights therein) to any governmental or quasi-governmental agency, utility or authority, for such purposes and subject to such conditions as may be agreed upon by the Association. No such dedication or transfer shall be effective unless the holders of all First Mortgages of record on the Lots and the Owners of seventy-five (75%) percent of the voting power of the Association have signed a written instrument agreeing

to such dedication or transfer and such instrument shall have been recorded and the written consent of Readington Township, to such dedication or transfer also shall have been obtained. However, the written consent of Readington Township or any other governmental agency, the mortgagees and the Owners shall not be required for the dedication or conveyance of any utility easements (including, but not limited to: water line, gas line, electric, telephone, sanitary sewer, storm sewer and cable television easements). In addition, no written agreement or consent of First Mortgagees and Owners and no written consent of Readington Township or any other governmental agency shall be required in the case of any lease to the Country Club, or any conveyance, dedication, grant or transfer (conditional or otherwise) of any portion of the Homeowner Common Areas and Facilities or Country Club Areas and Facilities carried out by the Declarant to the Association, or carried out by the Declarant or Association pursuant to any lawful order by a government agency or by any condition imposed upon the grant of final or preliminary subdivision or site plan approval by the Planning Board of Readington Township (or such other planning board or governmental agency as may have jurisdiction over the Property or any additional Property), as set forth in any resolution(s) of final or preliminary approval with respect to any portion of the Property or any additional Property; and

(e) The rights of Declarant and the Association to borrow money on the security of the Homeowner Common Areas and Facilities and the rights of the Declarant, the Association, and Golf Properties as regards to the Country Club Areas and Facilities to place easements or mortgages respectively on said Homeowner Common Areas and Facilities, and the Country Club Areas and Facilities; and

(f) The right of the Declarant, until the last Lot in the development is conveyed to an end user, i.e. not a conveyance to a builder or developer for use in its trade or business, to enter onto and maintain said Homeowner Common Areas and Facilities and reasonably charge the

Association for such maintenance in the event that the Association fails to properly maintain the Homeowner Common Areas and Facilities in accordance with the standards as may be promulgated by the Association from time to time.

Section 4.2 Delegation of Use. Any Owner may delegate his right of enjoyment to the Homeowner Common Areas and Facilities to the members of the Owner's family, tenants, or contract purchasers who reside on the Lot, subject to the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 4.3 Rules and Regulations. The Board shall have the right to adopt and promulgate Rules and Regulations governing the use of the Homeowner Common Areas and Facilities.

Section 4.4 Obligation to Maintain. The Association shall have the duty and obligation to maintain the Homeowner Common Areas and Facilities in good order and condition, in accordance with standards as may be promulgated by the Board from time to time.

ARTICLE V

COMMON UTILITY LINES

Section 5.1 Utility Lines Serving More Than One Lot. In order to provide the Lots with underground utility lines, it may be required from place to place within the Stanton Ridge Development that two or more Lots be served with a common service entrance line and encumbered with easements therefor. The Owners of Lots subject to easements for such lines, as shown on any Final Plat of the Property shall cooperate fully with all maintenance, repair and other measures as may be necessary to provide adequate and proper services to the Lots served thereby.

ARTICLE VI

CONVEYANCE OF THE COUNTRY CLUB AREAS AND FACILITIES

Section 6.1 Lease to Country Club. In spite of anything to the contrary herein or in the Governing Documents, the Declarant will convey in fee simple absolute the Country Club Areas and Facilities to the Association which will then at some point later in time convey the Country Club Areas and Facilities in fee simple on condition subsequent to Golf Properties with a covenant that the Country Club Areas and Facilities ~~will be maintained as such in perpetuity~~ (the maintenance of same being described herein and in other Governing Documents) and upon breach of this covenant, the Association ~~because of its right of reverter, will be vested with title in and to the Country Club Areas and Facilities.~~ After the conveyance in fee simple on condition subsequent by the Association to Golf Properties, Golf Properties will lease the Country Club Areas and Facilities as lessor (but subject to the right of reverter in favor of the Association) to a not-for-profit New Jersey corporation known as Stanton Ridge Golf and Country Club, Inc. as lessee pursuant to a written lease agreement (hereinafter the "Lease"). The Lease or any such renewal thereof or any of the transactions described in this Article VI, Section 6.1 shall not be construed as a transfer, disposition, sale or conveyance of the Country Club Areas and Facilities. Further, and in spite of anything to the contrary herein or in the Governing Documents, Golf Properties ~~reserves the unilateral right, without consent of the Owners or the Association, after the conveyance of the Country Club Areas and Facilities to it, to assign or cause the assignment to the Association of all or any of the Golf Properties' rights and obligations under the Lease.~~ The Association shall be obligated to accept any such assignment. Subject to the provisions of the Lease and after assignment of the Lease from Golf Properties to the Association, the Board of Trustees of the Association shall have the power to agree to and execute such amendments to the Lease as may also be agreed upon by the Stanton Ridge Golf and Country

Club, Inc. as lessee. The approval, agreement or consent of the Members of the Association shall not be required for any such amendment.

Section 6.2 Maintenance of the Country Club Areas and Facilities. The terms of the Lease shall provide that the lessee shall be solely responsible for all of the costs, obligations and liabilities (including but not limited to property taxes and insurance) outside lighting costs, salaries of Country Club employees, administrative costs, management fees of Golf Properties, reimbursement for all costs relative to the construction and start up of the Country Club Areas and Facilities and all other costs associated with the operation and maintenance of the Country Club Areas and Facilities. The Lease shall also require that the lessee shall maintain the Country Club Areas and Facilities in accordance with the maintenance standards prescribed by the lessor from time to time.

Section 6.3 Priority Consideration for Country Club Membership; No Discrimination. The terms of the Lease of the Country Club Areas and Facilities shall provide that a membership application by an Owner shall receive consideration before an application of any person or entity who or which is not an Owner, and that the Country Club shall not discriminate on account of marital status, age, sex, race, creed, religion or national origin.

Section 6.4 Use of Country Club Areas and Facilities by Lot Owners. The Lease of the Country Club Areas and Facilities shall provide that the Owners shall be entitled to receive a membership in the Country Club entitling them to use the following specified recreational facilities of the Country Club, without payment of any Country Club membership joining fees: the swimming pool, tennis and swim clubhouse and tennis courts. The Lease shall further provide that the use of the foregoing facilities of the Country Club may be subject to the payment of annual dues or charges, other than membership joining fees, as may be imposed from time to time by the Country Club for the use of such facilities. The Lease shall also provide,

however, that use by Owners of the golf course, golf clubhouse and other rights of any golf membership in the Country Club shall be subject to acceptance by the Country Club of an Owner's application and subscription to such golf membership, and shall be subject to payment of such membership joining fees, annual dues or other charges imposed by the Country Club for such golf membership. The Lease shall also provide that membership in the Country Club and use of any Country Club Areas and Facilities by Owners shall be subject to the Country Club's governing documents, rules, regulations and procedures.

Section 6.5 Failure to Enter Into Lease; Termination of Lease; Exercise of Right of Reverter. In the event Declarant conveys title to the Country Club Areas and Facilities to the Association, or in the event after assignment of the Lease by the Association, the Lease terminates or the Association otherwise obtains the lawful possession of and title to (by reason of exercising its right of reverter or otherwise) and use of the Country Club Areas and Facilities, then in any such event the Association shall have all of the rights, powers, privileges, duties and obligations with respect to the Country Club Areas and Facilities as the Association has with respect to the Homeowner Common Areas and Facilities, including but not limited to the rights, powers, privileges, duties and obligations to maintain and upkeep the Country Club Areas and Facilities and to fix and impose Common Expenses and other assessments therefor upon the Owners.

ARTICLE VII

MEMBERSHIP AND VOTING IN THE ASSOCIATION

Section 7.1 Membership; Declarant's Voting Rights. Upon acceptance of a deed to a Lot each Owner shall automatically become a Member of the Association and shall be a Member for so long as legal title to the Lot is held, subject to all provisions of the Governing Documents. The Declarant shall be a Member of the Association with respect to all Lots owned

by it and shall be entitled to that number of votes equal to 151 less the total number of Lots which have been conveyed.

Section 7.2 Control of the Board of Trustees of the Association.

(a) In spite of the provisions of Section 7.1 of this Article, the Declarant shall initially be entitled to appoint all members of the Board of Trustees, subject to the following:

(i) No later than sixty days after conveyance of 25% of the Lots to an end user (i.e. not a conveyance to a builder or developer for use in its trade or business), not less than 25% of the members of the Board shall be elected by Owners other than the Declarant;

(ii) No later than sixty days after conveyance of 50% of the Lots to an end user (i.e. not a conveyance to a builder or developer for use in its trade or business), not less than 40% of the members of the Board shall be elected by Owners other than the Declarant;

(iii) No later than sixty days after conveyance of 75% of the Lots to an end user (i.e. not a conveyance to a builder or developer for use in its trade or business), the Declarant's control of the Board shall terminate at which time the Owners shall elect the entire Board, except that the Declarant may continue to appoint one member of the Board so long as there are any Lots remaining unsold to such an end user in the regular course of business.

(b) The above percentages shall be calculated on the basis of the 151 maximum number of Lots contemplated by the Declarant's plan of development; however, in the event there is change in the total number of Lots contemplated to be developed by the Declarant pursuant to its general plan of development as reflected in any amended preliminary and/or final subdivision or site plan approval for the Property or the addition of additional Property, then the above percentages shall be calculated upon the actual number of Lots contemplated for development as reflected in the Declarant's revised development plan.

(c) The Declarant may surrender control of the Board prior to the time specified by executing and filing a written instrument with the Board which surrenders such control, provided the Owners agree by a majority vote to assume control.

(d) While the Declarant is entitled to a majority of the members of the Board, it shall post a fidelity bond or other guarantee acceptable to the Department of Community Affairs of the State of New Jersey, in an amount equal to the annual budget. For the second and succeeding fiscal years of the Association, the bond or other guarantee shall include accumulated reserves.

(e) While the Declarant is entitled to appoint a majority of the Board, it shall have an annual audit of Association funds prepared by an independent accountant, a copy of which shall be delivered to each unit owner within 90 days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

(f) While the Declarant maintains control of the Board, it shall take no action which adversely affects a homeowners rights under *N.J.A.C. 5:25-5.5*, pertaining to new home warranty claims on Homeowner Common Areas and Facilities. Claims relative to defects in Homeowner Common Areas and Facilities, shall be processed in accordance with *N.J.A.C. 5:25-5.5*.

(g) Upon the assumption by the Owners of control of the Board, the Declarant shall forthwith deliver to the Association all items and documents pertinent to the Association such as, but not limited to, the Declaration, documents of creation of the Association, the Bylaws, the Association's minute book, including all minutes, any Rules and Regulations, an accounting of Association funds, Association funds, all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the Association.

(h) The Association, when controlled by the Owners, shall not take any action that would be detrimental to the sale of Lots by the Declarant and shall continue the same level of maintenance, operation and services as immediately prior to their assumption of control, until

the last Lot is sold. The Declarant reserves the right to enforce this provision with any and all lawful remedies including, but not limited to, injunctive relief since the remedy at law for the breach of this covenant is inadequate.

(i) The Declarant shall not be permitted to cast any votes allocated to unsold Lots in order to amend any of the Governing Documents or any other documents for the purpose of changing the permitted use of a Lot, or for the purpose of reducing the Homeowner Common Areas or Facilities.

(j) No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by the Declarant or by a vote of seventy-five (75%) percent of the Owners. This Section shall not apply, however, to (i) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (ii) the imposition and collection of assessments as provided in Article VIII hereof, (iii) proceedings involving challenges to *ad valorem* taxation, or (iv) counterclaims brought by the Association in proceedings instituted against it. This subsection shall not be amended unless such amendment is made by the Declarant or is approved by a vote of 75% of the Owners.

(k) So long as the Declarant owns one or more Lots, the Declarant shall have the right to disapprove actions relating to sales of lots or construction activities of the Board and/or any committee of the Board or the Association, unless it receives prior notice as set forth in this Section 7.2(k). This right shall be exercisable only by the Declarant, its successors and assigns who or which specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action authorized by the Board or any committee of the Board or the Association shall become effective, nor shall any action, policy, or program be implemented, until and unless:

(i) The Declarant shall be given prior written notice of all meetings and proposed actions to be considered at meetings of the Board or any committee thereof or of the Association, by certified mail, return receipt requested, or by personal delivery, at the address which Declarant has registered with the Secretary of the Association, and which it may change from time to time. Such notice shall comply with the requirements as to time applicable to written notice of meetings of the Board as set forth in the Bylaws and shall, except in the case of regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed and matters to be discussed or acted upon at said meeting; and

(ii) The Declarant or its representative or agents shall be given the opportunity at any such meeting to participate without unreasonable limitation in the discussion of any prospective action, policy, or program to be implemented by the Board or any committee thereof or of the Association, and to make its concerns, thoughts, and suggestions known to the Board, or any committee thereof or of the Association.

This subsection 7.2(k) may not be amended without the express, written consent of the Declarant as long as the Declarant owns any Lots.

ARTICLE VIII

COVENANTS FOR MAINTENANCE AND CAPITAL IMPROVEMENT ASSESSMENTS.

Section 8.1 Fixing of Common Expenses. It shall be an affirmative and perpetual obligation of the Board to fix assessments for Common Expenses in an amount at least sufficient to maintain and operate the Homeowner Common Areas and Facilities and Areas of Common Responsibility as contemplated by this Declaration and the Bylaws, including, without limitation, the funding of reserves for the maintenance, repair, and replacement of those elements and improvements of the Homeowner Common Areas and Facilities and Areas of Common Responsibility that must be replaced on a periodic basis. The amount of monies for Common

Expenses of the Association deemed necessary by the Board and the manner of expenditure thereof shall be a matter for the sole discretion of the Board subject to the requirements of this Declaration. The Board shall maintain reserve funds which are, in its sole judgment, adequate for the maintenance, repair, and replacement of those Homeowner Common Areas and Facilities and Areas of Common Responsibility that need maintenance, repairs and/or replacement on a periodic basis.

Section 8.2 Annual Assessments; Installment Payments. Assessments for Common Expenses shall be made for an annual period to be determined by the Board and shall be payable in monthly installments due on the first day of each month. The Board shall cause to be prepared at least thirty (30) days in advance of the due date of the first installment of each year's annual assessment for Common Expense, a list of all Lots and the annual Common Expense assessment applicable thereto, including the names of the Owners of each Lot, which list shall be kept in the office of the Association and shall be open to inspection, upon request, by any Owner. Written notice of the annual assessment for Common Expenses shall be sent by mail or delivered to every Owner. If an annual assessment is not made as required herein and so long as Declarant is not in control of the Board, an assessment shall be presumed to have been made in the amount of the last prior year's assessment increased by ten percent (10%), and any installment of such annual assessment shall be due upon each installment payment date until a new annual assessment for Common Expenses is made.

Section 8.3 Amendment of Annual Common Expense Assessment. In the event the assessment for annual Common Expenses proves to be insufficient, the budget and assessments for expenses may be amended at any time by the Board, provided that nothing

herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency.

Section 8.4 Special Assessments. In addition to the annual assessment for Common Expenses hereinbefore authorized, the Board may, at any time and from time to time levy a special Common Expense assessment, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair, replacement or increase in anticipated costs or a described capital improvement upon or to the Homeowner Common Areas and Facilities or Areas of Common Responsibility, including the necessary furniture, fixtures, equipment, and other personal property related thereto, or for any other lawful purpose, provided that if during any twelve (12) month period, such special assessment or special assessments in consecutive years for a single improvement exceeds in the aggregate ten (10%) percent of the then annual Association budget, it shall receive the assent by the vote in person or by proxy of two-thirds (2/3) of the aggregate votes held by all of the Members in good standing at a meeting duly called for such purpose. Written notice of such meeting shall be sent to all Owners at least thirty (30) days in advance, and which notice shall set forth the purpose of the meeting. The due date(s) of any special assessment, or any installment(s) thereof, shall be fixed in the resolution authorizing such special assessment.

While the Declarant maintains a majority of the Board, Declarant shall make no additions, alterations, improvements or purchases not contemplated in the registered Public Offering Statement, as may be amended, which would necessitate a special assessment or a substantial increase in the monthly annual assessment for Common Expenses unless required by a government agency, title insurance company, mortgage lender or in the event of any emergency.

Additionally, while the Declarant owns Lots, whether improved or unimproved, and the Owners other than the Declarant elect a majority of the Board, the Board shall not take any action which would reduce the Owners' annual contribution toward reserves, make any additions, alterations, improvements or purchases not contemplated in the registered Public Offering Statement, as may be amended, or would necessitate a special assessment or substantial increase in the monthly or quarterly assessment, unless the Declarant gives its written consent or such action is required by a government agency, title insurance company, mortgage lender or in the event of any emergency. Moreover, while Owners other than the Declarant elect a majority of the Board, the Association and the Board shall continue the same level of maintenance, operation and services as provided immediately prior to the Declarant's relinquishment of control of the Board except where the Bylaws or Governing Documents require a higher degree of maintenance, operation or services in which case the Association and the Board shall provide such higher level. Neither the Association nor the Board may take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including, but not limited to, any direct or indirect interference with the sale of Lots.

Section 8.5 Uniform Rate of Assessment. All annual assessments for Common Expenses will be fixed at an equal rate for all improved Lots (i.e., lots upon which residential dwellings have been constructed), and at an equal rate for all unimproved Lots, respectively. Special assessments must be fixed at equal rate for all Lots. Any assessments may be paid in a lump sum or on a periodic basis, as determined by the Board.

Section 8.6 Payment of Common Expense Assessments; Delinquencies. An Owner shall, by acceptance of title to a Lot, be conclusively presumed to have agreed to pay the Common Expenses assessed against each owned Lot and during such Owner's ownership. No

Owner shall be exempt from liability for such part of Common Expenses by waiver of the enjoyment of the right to use any of the Homeowner Common Areas or Facilities or by abandonment of a Lot or otherwise. The Association may charge a late fee for payments not made on the due date thereof. In addition, if an Owner fails to make a monthly or quarterly installment payment when due (i) the Board or its authorized representative shall have the right to accelerate the time for payment of the annual assessment so that the entire annual assessment is immediately due and payable, and (ii) the Owner shall also be responsible for payment of all reasonable attorneys' fees and costs incurred by the Association in seeking collection of amounts due to it. The Board may also inform any and all mortgagees of delinquency in payments to the Association by the Owner of such Lot. Claims against the Declarant, including but not limited to, claims for alleged construction defects or deficiencies, shall not relieve an Owner of liability for Common Expenses.

Section 8.7 Lien for Unpaid Assessments. The Association shall have a lien on each Lot for any unpaid assessment duly made by the Association for a share of the Common Expenses or otherwise, together with the right to charge late fees of 5% of the gross assessments due and/or interest thereon (at a rate not to exceed the legal rate as may be established by the Board, or if no rate is so established, at twelve percent (12%) per annum) and reasonable attorneys' fees and costs as provided in Section 8.6 hereof. Such lien shall be effective from and after the time of recording in the public records of the Hunterdon County Clerk's Office of a claim of lien stating the description of the Lot, the name of the Owner, the amount due and the date when due. Such claim of lien shall include only sums which are due and payable when the claim of lien is recorded (including the entire balance of the annual assessment if payment thereof is accelerated pursuant to Section 8.6 of this Article) and shall be signed and acknowledged by an officer or agent of the Association. Upon full payment of

all sums secured by the lien, the party making payment shall be entitled to a reasonable satisfaction of lien for recording by such party at its expense. All such liens shall be subordinate to any lien for past due and unpaid taxes, any prior municipal assessments, the lien of any previously duly recorded mortgage to which the Lot is subject and to any other lien recorded prior to the time of recording the claim of lien.

Section 8.8 Joint and Several Liability. Upon any conveyance of a Lot, except as specified in Section 8.10 hereof, the grantor and grantee of such Lot shall be jointly and severally liable for all unpaid assessments pertaining to such Lot duly made by the Association without prejudice to the right of the grantee to recover from the grantor any amounts paid by the grantee.

Section 8.9 Certificate of Unpaid Assessments. An Owner or prospective purchaser of a Lot may require from the Association a certificate showing the amount of unpaid assessments pertaining to such Lot. The Association shall provide such certificate within ten (10) days after receipt of written request therefor. Lender may also request such a certificate with respect to a Lot. Any person (other than the Owner) who is so entitled to request and who receives such certificate shall be entitled to rely on the certificate as conclusive satisfaction of the obligations of the person requesting receipt of the certificate. The Association shall be entitled to charge any person other than the Owner or the Declarant a reasonable fee for issuance of such a certificate.

Section 8.10 Lenders Not Liable. If a Lender or other purchaser of a Lot obtains title to such Lot as a result of foreclosure or deed in lieu of foreclosure of a Permitted Mortgage, such acquirer of title, its successors and assigns, shall not be liable for the part of Common Expenses or other assessments made by the Association pertaining to such Lot or chargeable to the former Owner which became due prior to acquisition of title as a result of foreclosure. Such

unpaid share of Common Expenses and other assessments shall be deemed to be Common Expenses collectible from all the remaining Owners, including such acquirer, its successors and assigns, provided that nothing herein shall be construed to prevent the Association from seeking payment from the former Owner. No Lender or other purchaser shall use this provision in bad faith to require such unpaid share of Common Expenses to be paid by the remaining Owners.

Section 8.11 Foreclosure of Liens. Liens for unpaid assessment may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. The Association shall have the power to bid on the Lot at the foreclosure sale and to acquire, hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same.

Section 8.12 Declarant's Obligations. Until the conveyance of title to the first Lot by Declarant, the Declarant shall be solely responsible for all Common Expenses for the Property subject to the Declaration. Following the first conveyance, and for so long as the governmental approvals for the Stanton Ridge Development contemplate creation of one hundred fifty-one (151) lots for single-family residences, every Owner to whom title shall have been conveyed except for Declarant shall be responsible for each Lot owned for an equal one - one hundred fifty-oneth ($1/151$) part of those Common Expenses attributable to all Lots. Owners of Lots with residential dwellings located thereon which have received certificates of occupancy, shall also be responsible for their proportionate and equal share of those costs attributable solely to residential dwellings. The Board, in its sole and absolute discretion, shall determine what portions of the Association assessment(s), if any, shall be attributable to fewer than all of the Owners.

The Declarant or any end user shall be responsible for payment of all Common Expenses assessed against improved Lots (i.e. upon which a residential dwelling has been constructed), which have not been initially conveyed to a purchaser, for which a final Certificate of Occupancy has been issued by the Township of Readington or other government agency having jurisdiction and which is responsible for issuing same. In the event that the Declarant modifies its plans to create more or less than one hundred fifty-one (151) Lots, then, in that event the allocated share of Common Expenses for each Lot, shall be equal to that fraction the numerator of which is one (1) and the denominator of which is the number of Lots then contemplated for the Stanton Ridge Development. In spite of the foregoing, the Declarant's obligation to contribute to the Association budget shall not at any time exceed its share of the amount necessary to set aside reasonable reserves and to pay for actually and reasonably incurred Common Expenses, nor shall it exceed the amount necessary to underwrite any cash deficit of the Association after payment of all assessments by the Owners.

Section 8.13 Capital Contribution. In addition to the assessments herein authorized, the Board shall levy upon each initial and subsequent Lot purchaser, other than the Declarant or a builder or developer who purchases a Lot solely for the purposes of constructing a dwelling thereon for resale, a nonrefundable capital contribution in an amount equal to one quarter (1/4) of the current annual Common Expense assessment, which capital contribution may be used by the Association for working capital. The payment of such capital contribution shall be due on the date of conveyance of a Lot and shall be a condition precedent to closing of title to each Lot. The payment of the capital contribution shall not be credited against future Common Expense assessments.

ARTICLE IX

USE OF ASSESSMENTS

Section 9.1 Use of Assessments. The assessments and other charges levied by the Association shall be used for, but without limitation, the following purposes:

(a) Annual assessments for Common Expenses shall be used for any and all costs associated with the maintenance and administration of the Association and the Homeowner Common Areas and Facilities and Areas of Common Responsibility; and

(b) Special Assessments shall only be used for extraordinary expenses including, but not limited to the repair of damaged Homeowner Common Areas and Facilities and Areas of Common Responsibility, or to cover the deficits of the Association; and

(c) The assessments and other charges may be used to fund the costs and expenses incurred or to be incurred by the Association pursuant to the full exercise of its powers and duties under this Declaration, the Bylaws and by law.

Section 9.2 Damage to Homeowner Common Areas and Facilities or Areas of Common Responsibility. If, due to the negligent act or omission of or misuse by an Owner, or an Owner's family, pet, guest, occupant or visitor (whether authorized or unauthorized by the Owner), damage shall be caused to the Homeowner Common Areas or Facilities or Areas of Common Responsibility, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then the Owner so responsible shall pay for such damage and shall be liable for any damages, liability, costs and expenses, including attorney's fees and costs, caused by or arising out of such circumstances. The Association may, at its option, undertake such maintenance, repairs and replacement and charge same as a Common Expense, or bill same directly, to the Owner so responsible. Such maintenance, repairs and

replacements to the Homeowner Common Areas and Facilities shall be subject to the Governing Documents.

Section 9.3 Ordinary Maintenance.

(a) Upon request of an Owner, the Board may provide, by its Rules and Regulations, for ordinary maintenance and minor repairs and replacements to be furnished to Lots by Association personnel or representatives and billed directly to the Owners who have received the benefit thereof.

(b) In the event that an Owner shall not maintain a Lot in accordance with the Declaration, as amended, or any Rules and Regulations promulgated by the Board and upon ten (10) days prior written notice to the Owner, the Association shall be entitled to enter onto the Lot and to perform any landscaping, maintenance, repairs and replacement to the land and to the exterior of any improvements and charge same as a Common Expense, or bill same directly to the Owner so responsible.

ARTICLE X

PROTECTIVE COVENANTS AND RESTRICTIONS

Section 10.1 Covenants and Restrictions. The covenants and restrictions set forth herein are imposed for the duration of this Declaration as a common scheme upon all Lots, but not upon the Country Club, the Country Club Areas and Facilities (unless otherwise specified) nor upon the activities of the Country Club. Except for those restrictions enforcement of which is assigned to the Architectural Review Committee, the Board may retain enforcement responsibility or delegate such enforcement to a Covenants Committee or to the Architectural Review Committee as it sees fit.

(a) No lot, except those owned by Declarant, shall be used for any purpose other than as a private residence. No garage sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot or residential dwelling.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit, or (iii) a license is required therefor.

However, the leasing or sale of the residential dwelling of the Owner shall not be considered a trade or business within the meaning of this Section. This provision shall not apply to any activity conducted by a builder with approval of the Declarant, with respect to its development and sale of the Property or of Lots or its use of any residential dwelling which it owns or leases within the Stanton Ridge Development including the operation of the County Club Areas and Facilities.

(b) No portion of the Property shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be noxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Stanton Ridge Development that will emit foul or noxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of the Property. No noxious, illegal or offensive activity shall be carried on upon any portion of the Property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the Owners or occupants of Lots. There shall not be

maintained any plant(s) or animal(s) or device(s) or thing(s) of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, illegal or of a nature as may diminish or destroy the value or enjoyment of the Property. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Property. No unlawful use shall be made of any Lot, and all laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereover shall be observed.

(c) Each owner shall maintain his or her Lot and all structures, parking areas and other improvements comprising the Lot including mowing the grass on a regular basis in accordance with sound agricultural standards; removal of fallen leaves; and other usual and customary maintenance standards. Owners of Lots adjacent to any roadway within the Property shall maintain driveways serving their respective Lots, whether or not lying within the Lot boundaries. Owners of Lots abutting the bank or water's edge, or a portion of the Homeowner Common Areas and Facilities and/or the Country Club Areas and Facilities abutting the bank or water's edge, of any pond or stream, except designated wetlands, within the Property shall maintain all landscaping between the Lot boundary and such bank or water's edge; provided there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval of the Board or the Architectural Review Committee and any governmental authority having jurisdiction thereof.

All maintenance required by this Section 10.1(c) shall be performed in a manner consistent with all applicable covenants and any rules and regulations promulgated by the Association Board unless such maintenance responsibility is otherwise assumed by the Association or the Country Club. In addition to any other enforcement rights available to the Association, if any Owner fails properly to perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association against the Lot and

the Owner thereof in accordance with the provisions of Article IX, Section 9.3(b) hereof; provided however, except when entry is required due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

(d) No part of any Lot or the Homeowner Common Areas and Facilities shall be used or maintained as a dumping ground for rubbish, trash, new or used lumber, metal, scrap, garbage, brush, leaves, mulch piles, or other waste. Accumulations of rubbish, trash, lumber, metal, scrap, garbage, brush, leaves or mulch piles or other wastes shall not be kept except in sanitary containers or trash bags which shall be kept in a clean and sanitary condition. Containers or trash bags as may be required by the regulations of the collecting agency shall be placed streetside only on collection days and only in accordance with the regulations of the collecting agency. Such containers shall be removed promptly after garbage, trash and rubbish is removed.

(e) No animals, livestock, poultry, or reptiles of any kind shall be raised, bred or kept on any Lot or on the Homeowner Common Areas and Facilities except that, subject to the provisions of Section 10.1(b) hereof, common household pets are permitted provided they are not kept, bred or maintained for any commercial purpose. Household pets may not roam unleashed, except within fenced areas on a Lot. Pet owners shall curb their pets and shall pick up and properly dispose of any pet droppings.

(f) No hunting, trapping, killing or interference with wildlife coming onto or on the Stanton Ridge Development shall be permitted, except as may be required or permitted by the Declarant during the construction period of the Stanton Ridge Development or except for reasons of health and/or safety with the prior written approval of the Board.

(g) A single "for sale" or "for lease" sign shall be permitted on any Lot or residential dwelling being offered for sale or for lease, provided it conforms to the design, size, height, color,

lettering, copy and post detail as required by the Architectural Review Committee. No other signs of any kind shall be erected on the Lots or any other portion of the Property, including any residential dwelling if visible from outside the residential dwelling, without the written consent of the Architectural Review Committee, except entry, regulatory, informational and directional signs installed by or permitted by the Declarant or the Board. If permission is granted to any person to erect a sign on any Lot or any other portion of the Property, the Architectural Review Committee reserves the right to restrict the design and placement of such sign. This also applies to any mailboxes to be erected on any lot. The Board, the Country Club and the Declarant shall have the right to erect signs as they, in their discretion, deem appropriate. Except as provided above, no signs, banners or similar items shall be permitted to be displayed or posted on the Lots or Property. Any sign permitted hereunder must also comply with Readington Township ordinances and other applicable law. Any sign in violation of this Section 10.1(g) may be removed by the Declarant or the Architectural Review Committee without notice.

(h) No wall, hedge, grading, shrub, planting or structure more than twelve (12) inches above the street centerline shall be erected, maintained or permitted within the sight triangle easements as shown on plans or instruments filed or recorded in the office of the Hunterdon County Clerk, except for street signs, mail boxes, fire hydrants and light standards.

(i) No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved by the Architectural Review Committee and any governmental authority with jurisdiction over Lots within the Development. In the event of any intentional or unintentional violation of this provision, the violator may be required by the Architectural Review Committee to replace the removed tree with one or more comparable trees of such size and number, and in such locations as the Architectural Review Committee may determine necessary, in its sole discretion, to mitigate the

damage. The prior approval of the Declarant shall also be required for the removal of any tree on any Lot or any other portion of the Property for so long as the Declarant owns any Lots.

(j) No clothes poles, lines or clothes trees shall be installed or maintained, nor shall any laundry or other thing be hung out to dry outside on any Lot or elsewhere on the Property. The Owner of each Lot shall not cause or permit any clothes, blankets or laundry of any kind to be hung or displayed on the outside of windows or placed outside windowsills, walls, balconies, or decks of a residential dwelling on any Lot.

(k) No window or through-wall air conditioning unit shall be permitted on any Lot unless specifically approved by the Architectural Review Committee. Compressors and fans for central air-conditioning systems which are located outside of a residence or building shall be adequately walled, fenced or landscaped to prevent any unreasonable noise and visual disturbance therefrom and are subject to review and approval by the Architectural Review Committee. In spite of the foregoing, the restrictions contained in this Section 10.1(k) shall not apply to any units, compressors or fans installed by Declarant or installed by any builder with the approval of the Declarant or the Architectural Review Committee, or any comparable replacement thereof installed by an Owner in the same location as originally installed by the Declarant or approved by the Declarant or the Architectural Review Committee.

(l) Easements for installation and maintenance of utilities and drainage or irrigation facilities and cable television may be reserved as shown on plans or instruments filed or recorded in the Hunterdon County Clerk's Office. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of any of these facilities or utilities, or which may change the direction or flow of drainage channels in the easements or which may obstruct or retard the flow of water through surface and subsurface drainage channels in the easements.

(m) No Owner or occupant shall build, plant, permit or maintain any matter or thing upon, in, over or under the Homeowner Common Areas and Facilities or within the conservation easements, except as may be permitted by the Board and the applicable governmental agencies.

(n) No Owner or occupant shall burn, chop or cut vegetation, trees or similar matter in the Stanton Ridge Development, except as otherwise expressly permitted by the Rules and Regulations or a Design Criteria and Guidelines Manual that may be adopted by the Board.

(o) No Owner shall do or permit anything to be done which will in any way interfere with or otherwise hinder the use or operation of the Country Club Areas and Facilities.

(p) The Board shall have the authority to make and to enforce standards and restrictions governing the use of the Stanton Ridge Development in addition to those contained herein. Such standards and restrictions shall be binding upon all Lots, Owners and occupants until and unless overruled, cancelled or modified by a majority of the Owners in a regular or special meeting of the Association held pursuant to the Bylaws.

(q) If any Lot or the improvements thereon are damaged or destroyed by fire or any casualty, then the Owner shall be obligated to rebuild or repair such damage or destroyed portions of the Lot in conformance with the original plans and specifications or if adherence to such original plans and specifications is impracticable, then, upon written approval from the Board, in conformance with revised plans and specifications provided such repairs or rebuilding shall be of a quality and kind substantially equivalent to the original construction.

(r) For a period of ten (10) years after the date of recordation of the first deed conveying title to a Lot within the Development from the Declarant to an Owner, no Owner nor his successors nor assigns, shall seek to obtain any zoning change, modification or variance for a Lot or any part thereof or residential dwelling thereon without the prior written consent of the

Declarant. In any event, for the duration of this Declaration, no Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board. Declarant, however, hereby expressly reserves the right to consolidate, replat, subdivide, or resubdivide any Lots owned by it. Any such division, subdivision, resubdivision, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations. No Lot shall be made subject to any type of timeshare or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years.

(s) No Owner or occupant shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, whether intentionally or unintentionally, onto any Lot or in any drainage ditch, stormwater inlet, stream, pond or lake on the Property.

(t) No on-site storage of gasoline or other fuels shall be permitted on any Lot or on the Homeowner Common Areas and Facilities except that up to five (5) gallons of fuel may be stored within each Lot for emergency purposes and for operation of lawn mowers and similar tools or equipment. The Association and the Country Club shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment. However, underground fuel tanks for storage of heating fuel for dwellings, pools, or gas grills may be permitted if approved by the Declarant or the Architectural Review Committee.

(u) The Board or the Architectural Review Committee may, in its sole discretion, establish rules and regulations governing the permissible or required interior window coverings visible from outside of the residential dwellings.

(v) Except for lights installed by the Declarant or builder in initial construction, or replacements thereof, and except for traditional holiday decorative lights, which may be displayed

for one (1) month before and one (1) month after any commonly recognized holidays for which such lights are traditionally displayed, all exterior lights must be approved by the Architectural Review Committee prior to installation or use in accordance with standards, rules, and regulations established by such Architectural Review Committee.

(w) No use of the wetlands, ponds, streams, or other bodies of water within the Homeowner Common Areas and Facilities, if any, shall be permitted without prior approval of the Board. No use of the wetlands, ponds, streams, or other bodies of water within the Country Club Areas and Facilities shall be permitted without the prior approval of the Country Club. The Association and Country Club shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of wetlands, ponds, streams, or other bodies of water within or adjacent to the Property.

(x) No jungle gym, swing sets or similar play equipment shall be erected or installed on any Lot without prior written approval of the Board or Architectural Review Committee. Any playground or other play areas or equipment furnished by the Association or erected on the Property shall be used at the risk of the user, and the Association shall not be held liable to any person for any claim, damage, or injury thereon or related to use thereof.

(y) No residential dwelling on any Lot shall be occupied by more than one single family. For purposes of this restriction, a single family shall be defined as any number of persons related by blood, adoption or marriage living with not more than one (1) person who is not so related as a single household unit, or no more than two (2) persons who are not so related living together as a single household unit, and the household employees of either such household unit.

Section 10.2 Parking, Prohibited Vehicles and Golf Carts.

(a) Parking. Vehicles shall be parked only in the garage or driveway serving a residential dwelling on a Lot or in such other paved areas as have been approved by the Board for parking vehicles. A maximum of two (2) occupant vehicles may be parked outside of the garage serving the Lot. For purposes of this provision, a vehicle shall be considered an "occupant vehicle" if it is parked on the Lot four (4) or more hours per day, four (4) or more days in any seven (7) day period.

Parking shall be permitted on public streets in accordance with applicable law. No garage shall be enclosed, modified or otherwise used so as to reduce its capacity for parking vehicles below that originally approved by the Architectural Review Committee. Declarant or a builder with the approval of the Declarant, may temporarily convert a garage into a sales or construction office, provided that it is converted back to a garage within sixty (60) days after cessation of construction and sale of new homes within the Property by the Declarant or builder. Garage doors visible from any street within the Property shall remain closed except during ingress or egress or when the garage is actively being used by the Owner or occupant.

Members of the Country Club and permitted members of the public shall have the right to park their vehicles on the boulevards and streets located within the Property in accordance with applicable law and at reasonable times before, during, and after golf or tennis tournaments and other similar functions held by or at the Country Club.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board. Stored vehicles and vehicles which are obviously inoperable

or do not have current operating licenses shall not be permitted on the Property except within enclosed garages. Vehicles that become inoperable on the Property must be removed within seventy-two (72) hours thereof. For purposes of this Section, a vehicle that shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for fourteen (14) consecutive days without the prior approval of the Board. In spite of the foregoing, service and delivery vehicles may be parked in the Property for such period of time as is reasonably necessary to provide service or to make a delivery to a residential dwelling or the Homeowner Common Areas and Facilities or Country Club Areas and Facilities. Any vehicle parked in violation of this Section 10.2 or parking rules promulgated by the Board may be towed in accordance with the Bylaws or Rules and Regulations adopted by the Board.

(c) Golf Carts. No golf carts shall be operated within the Homeowner Common Areas and Facilities or the Lots other than as may be authorized by the Country Club and the Association. No golf carts shall be operated within the Country Club Areas and Facilities other than as may be authorized by the Country Club.

Section 10.3 Title Transfers. In order to provide an orderly procedure in the case of title transfers, and to assist in the maintenance of a current up-to-date roster of Owners, each Owner shall give the Secretary of the Association timely notice of Owner's intent to list any Lot for sale, and upon closing of title shall immediately notify the Secretary of the names and home addresses of the purchasers. Each Owner shall also notify the Secretary of the names of all tenants occupying a Lot.

Section 10.4 Obligation of Owners. Each Owner is responsible to promptly report to the Board any defect or need for repairs, the responsibility for which is that of the Association.

Section 10.5 Safety and Security; No Liability.

(a) The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Neither the Association, Declarant, nor any successor Declarant shall in any way be considered insurers, or guarantors of security within the Property. Neither the Association, the Declarant, nor any successor Declarant shall be held liable for any loss or damage by reason of the failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and occupants of any residential dwelling, tenants, guests and invitees of any Owner, as applicable, acknowledge the Association, its Board, Declarant, or any successor Declarant and the Architectural Review Committee does not represent or warrant that any fire protection system, burglar alarm system or other security system designated by or installed according to guidelines established by the Declarant or Architectural Review Committee may not be compromised or circumvented, that any fire protection or burglar alarm systems or other security system will prevent loss by fire, smoke, burglary, theft, hold-up or otherwise, nor that fire protection or burglar alarm systems or other security systems will in all cases provide detection or protection for which the system is designated or intended. Each Owner and occupant of a residential dwelling, and each tenant, guest and invitee of an Owner, as applicable, acknowledges and understands that the Association, its Board and committees, Declarant, or any successor Declarant are not insurers and that each Owner and occupant of any residential dwelling and each tenant, guest and invitee of any Owner assumes all risks for loss or damage to persons, to residential dwellings, and to the contents of residential dwellings and FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY

REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

(b) The Association and the Country Club shall not be liable for injury or damage to any person or property caused by the elements, any Owner, or any other person, or resulting from electricity or water, snow or ice which may leak or flow from any portion of the Homeowner Common Areas and Facilities or any portion of the Country Club Areas and Facilities from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Member for loss or damage, by theft or otherwise, of articles from any part of the Homeowner Common Areas and Facilities. No diminution or abatement of any fees shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to Homeowner Common Areas and Facilities or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

(c) Any lease agreement between an Owner and a tenant for a Lot shall contain an acknowledgement of and an agreement to the provisions of this Section 10.5 in such form as may be approved by the Board in accordance with Article XVI, Section 16.2 hereof.

ARTICLE XI

ARCHITECTURAL REVIEW

Section 11.1 Architectural Review Committee. The Board shall appoint an Architectural Review Committee ("ARC") as described in the Bylaws. Until the last Lot is sold to an end user, i.e., not a conveyance to a builder or developer for use in its trade or business, at

least a majority of the members of the ARC shall be composed of the Declarant's representatives. The Board may appoint persons other than Owners as members of the ARC.

Section 11.2 Architectural Restrictions. (a) Except for the Declarant or the Country Club to which this covenant shall not apply, no Owner shall erect, use or store or permit to be erected, used or stored on any Lot or on the Homeowner Common Areas and Facilities any home, fence, tennis court, shack, barn, tent, storage building, in-ground pool, out building, addition, jungle gym, swing sets or similar play equipment, improvement or other structure without the prior written consent of the Board or Architectural Review Committee in accordance with standards, rules, and regulations established by such Architectural Review Committee. The purpose of this restriction is to ensure that all lands, and the improvements on such land, subject to this Declaration shall be compatible and aesthetically appealing. Every Owner shall act to provide and insure that all Lots remain open to light and air. No above ground pools and no other structures or items expressly prohibited herein are permitted to be erected under any circumstances. All structures to be erected, used or stored on any Lot must be approved by the Board or Architectural Review Committee prior to erection, use or storage. The grading of any Lot is not to be changed in any manner that may cause an adverse effect on any other Lots, the Homeowner Common Areas and Facilities or the Country Club Areas and Facilities.

(b) No Owner shall change the exterior or color of any building on a Lot from the condition at time of purchase of the building from the Declarant or builder or from its design approved by the Declarant or the Architectural Review Committee without the prior written consent of the Board or its Architectural Review Committee. The purpose for this restriction is to ensure that all property within the area described by this restriction shall be compatible and aesthetically appealing.

(c) No radio, television, dish antenna or other tower, pole or other similar structure shall be erected on any part of any Lot, on any building or Homeowner Common Areas and Facilities without the prior review and approval thereof by the ARC. In spite of the above, the restrictions contained in this Subsection 11.2(c) shall not apply to any radio, television antenna or other tower, pole, dish or other similar structure erected by Declarant, or to any replacement thereof of the same type and size and in the same location as originally erected by the Declarant or originally erected with the approval of the ARC.

(d) No solar energy collector panels or attendant hardware or other energy conservation equipment which shall be visible from the exterior of any building shall be constructed or installed by any Owner other than the Declarant without the prior written approval of the ARC which approval shall be in its sole and absolute discretion.

Section 11.3 Governmental Approvals. The issuance of a building permit or license by any governmental entity shall not prevent the enforcement of these provisions, nor negate any requirement for the ARC's approval. Nevertheless, no improvement or structure of any kind shall be erected, placed or maintained, and no activity shall be conducted on the Property unless all required governmental approvals have been obtained therefor, and except in accordance with all governmental requirements.

Section 11.4 Powers and Duties of the ARC. No construction, improvement, alteration or modification of a structure or of landscaping of any kind shall be constructed, reconstructed, installed, planted or placed on any Lot, and no alteration in the color or external appearance of any improvement or structure on any Lot, shall be made without the prior written approval of the ARC and the Declarant so long as it owns Lots. Without limiting the generality of the preceding sentence, the ARC's jurisdiction hereunder shall cover buildings, carports, walls,

sheds, fences, in-ground pools, porches, patios, decks, awnings, shutters, antennae, playhouses and dog houses and any other structure erected on a Lot.

In the event that an Owner desires to improve a Lot, plans shall be submitted to the ARC for its review, in such form and detail and containing such information as the ARC may direct, and no work shall commence without the prior approval of the ARC. Once the Declarant has turned over control of the Association to the Owners, the Lot Owner desiring to make any modification to existing construction shall also give prior written notice of the application to the Owners of all other Lots within 100 feet of the boundary of such Lot(s), and such other notice as the ARC may require pursuant to rules adopted by it. By way of illustration, but not limitation, the plans and specifications submitted to ARC may include, as appropriate, the proposed location, grade elevations, shape, dimensions, approximate costs, and nature, type and color of materials to be used as well as any other information requested by the ARC or the Board. The ARC may refuse to approve any proposed plans or specifications which in its judgment do not adequately preserve the values and amenities of the Property, or do not adequately provide for harmony of location, construction and external design in relation to surrounding topography and structures.

The approval of the ARC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARC, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

The ARC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules,

regulations and standards. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (i) be effective unless in writing, (ii) be contrary to the restrictions set forth in this Declaration, or (iii) estop the ARC from denying a variance in other circumstances. For purposes of this provision, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance. In no event shall the ARC have any power to approve any variance of the covenants and restrictions set forth in this Declaration, except by way of amendment of this Declaration by the procedures specifically provided herein.

All approvals or disapprovals by the ARC shall be in writing and shall be mailed or otherwise delivered to the Board and the Owner applying for approval, and such other persons as may be required by the ARC in accordance with rules adopted by ARC. If the ARC fails to approve or to disapprove in writing any proposed improvement or alteration within thirty (30) days after submission to the ARC of the complete plans and specifications requested therefor, then such proposed improvement or alteration shall be deemed to have been approved by the ARC. The Board shall, as it in its sole discretion deems appropriate, publish such further rules, regulations and standards, governing procedures, aesthetics and design criteria and adopt a schedule of fees for processing of applications to the ARC.

Section 11.5 Limits on ARC Discretion. The ARC shall not unreasonably withhold or delay approval of the maintenance or reconstruction of Lots or improvements thereon substantially in accordance with their appearance before the casualty or damage necessitating such maintenance or reconstruction, or of improvements or alterations designed to render Lots and improvements thereon reasonably accessible to handicapped persons. Nothing herein shall be construed to prohibit the reasonable adaptation of any building on any Lot for use by

handicapped persons and the ARC shall not unreasonably withhold or delay approval for such adaptation.

Section 11.6 Appeals. Any action, ruling or decision of the ARC may be appealed to the Board by the Owner of any Lot within 100 feet of the boundary of the Lot proposed for modification to existing construction and any other party deemed by the Board to have standing as an aggrieved party, and a vote of a majority of the full authorized membership of the Board may affirm, modify or reverse any such action, ruling or decision. Any appeal must be filed within 30 days of any action, ruling or decision of the ARC. No Board member shall be disqualified from voting on such appeal by virtue of his position as a member of the ARC.

Section 11.7 Exclusion of Contractors. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the guidelines, procedures and standards promulgated by the ARC may be excluded by the Board from the Property without liability to any person, subject to such notice and hearing procedures as may be adopted by the Board.

Section 11.8 Exemption of the Country Club and the Declarant. Anything to the contrary herein, no requirement or approval by the ARC shall apply to any activity of, or to any Lot owned or leased by the Country Club, or to any activity of, or to any Lot owned or leased by the Declarant for so long as it owns any Lot(s) in the ordinary course of business. In addition, no such requirement or approval shall apply to any building plans of a builder, Owner, prospective Owner or contract purchaser of an unimproved or partially improved Lot, if such plans have been approved in writing by the Declarant. No ARC approval shall be required for the continued use and maintenance of any improvement constructed or placed on any Lot by Declarant.

Section 11.9 Indemnification of ARC Members.

No member of the ARC shall have any duty toward or any responsibility or liability for the design or structural adequacy or integrity of any proposed addition, alteration or improvement that it may approve. Additionally, all ARC members shall, in consideration of their services, be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred in connection with the defense of any civil action, suit or proceeding to which they may be a party by reason of their past or present role as an ARC member.

ARTICLE XII**INSURANCE**

Section 12.1 Insurance to be Maintained by the Association. The Association shall maintain, at all times, insurance in the following types and amounts (if reasonably available):

(a) Property insurance naming the Association as the insured for the benefit of the Owners and covering all improvements erected upon and comprising part of the Homeowner Common Areas and Facilities, including improvements erected pursuant to Drainage Rights. Such insurance shall be in an amount equal to the full replacement value of such improvements (that is, one hundred percent (100%) of current "replacement cost" exclusive of land, foundations, excavations and other items normally excluded from coverage) with a reasonable deductible and an "agreed amount endorsement", such insurance to afford protection against at least the following:

(i) loss or damage by reason of hazards covered by the standard extended coverage endorsement comprehensive broad form and by debris removal, cost of demolition, vandalism, malicious mischief, wind, storm and water damage; and

(ii) such other risks as shall customarily be covered with respect to similar improvements in projects similar in construction, location and use.

(b) Comprehensive general liability insurance covering the Homeowner Common Areas and Facilities and Easement Areas (including areas subject to Drainage Rights), and activities of the Association, its officers, agents and employees in connection with the ownership, operation and maintenance thereof, in an amount not less than \$1,000,000.00 covering all claims for personal injury arising out of a single occurrence and in an amount not less than \$500,000.00 for property damage arising out of a single occurrence, if coverage in such amounts is reasonably available. Such insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying a claim of an Owner because of the negligent acts of the Association or other Owners and shall name the Association as insured for the benefit of all Owners.

(c) Worker's compensation and employer's liability insurance as required by law; and

(d) While the Declarant controls the Board and thereafter, if reasonably available, comprehensive disappearance and dishonesty bond or equivalent insurance coverage against dishonest acts on the part of directors, officers, trustees, managers and employees of the Association and all others who handle or are responsible for the handling of funds of the Association, such bond or insurance to name the Association as the obligee or insured. Such bond or insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Such bond or insurance shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association and to the first mortgagees of Lots who have given notice to the Association of their interest pursuant to Article XVII hereof; and

(e) Such other insurance as the Board shall determine from time to time to be necessary or desirable, including but not limited to, directors and officers liability insurance,

"Boiler and Machinery" coverage, including Business Interruption and Extra Expense and Off Premises Utility Interruption.

Section 12.2 Country Club Areas and Facilities. Nothing in this Article XII shall be construed to require the Association to maintain insurance concerning the Country Club Areas and Facilities for so long as the Association's interest in the same is insured to the extent possible by the lessee pursuant to the Lease, except where required by law.

Section 12.3 Insurers. The insurance set forth in this Article XII shall be maintained in reputable insurance companies authorized to transact business within the State of New Jersey.

ARTICLE XIII

EASEMENTS

Section 13.1 Owners' Easements.

(a) Except as provided otherwise herein, every Owner shall have a non-exclusive right and easement of use and enjoyment in, upon, over, under, across and through the Homeowner Common Areas and Facilities which right and easement shall be appurtenant to and shall pass with the title to every Lot without the necessity of a recitation thereof in the deed of conveyance.

(b) The fee simple title to any portion of a Lot which is subject to such an easement shall remain vested in the Owner of the Lot upon which such portion of the easement areas is located.

(c) The Owner of each Lot over which an access easement, or any portion thereof, shall have been laid out as shown on the Final Plats, shall have the right to use said easement for its full length as a means of pedestrian access to and from the Lot over and across the other Lots and the Homeowner Common Areas and Facilities over which the access easement extends.

Section 13.2 Association Easements. All of the Easement Areas shall be subject to easements in favor of the Association as follows:

(a) The Association shall have the duty and obligation to maintain the Easement Areas throughout the Homeowner Common Areas and Facilities in good order and condition;

(b) The Association shall have the right of access to the Easement Areas for the purpose of carrying out its obligations under paragraph (a) hereof;

(c) The Association shall have no duty or obligation to maintain Easement Areas on the individual Lots owned by its Members, except that certain detention basins on any of said Lots shall be maintained by such entity that is maintaining and operating the Country Club Areas and Facilities and the costs thereof shall be charged to and paid by the Association. Other detention basins which are located within the confines of the Country Club Areas and Facilities shall be the responsibility of said entity maintaining and operating the Country Club Areas and Facilities to maintain at its sole cost and expense;

(d) The Association shall have an easement for ingress and egress on any Lot during reasonable hours (i) to inspect the Lot for alleged violations of this Declaration and (ii) for the performance of such maintenance as is required or permitted by this Declaration;

(e) The Association shall have a perpetual and exclusive easement for the maintenance of any Homeowner Common Areas and Facilities, which presently or may hereafter encroach upon a Lot;

(f) The Association or any management agent or firm engaged by it, their respective officers, agents and employees (but not the public in general), shall have a blanket, perpetual and non-exclusive easement of unobstructed ingress and egress in, upon, over, across, under and through the Homeowner Common Areas and Facilities, the Areas of Common Responsibility, Lots and other areas which are or which become the responsibility of the

Association for repair and maintenance of same. Except in the event of emergencies, the rights accompanying the easements pertaining to Lots provided for in this Section 13.2(f) shall be exercised only during reasonable daylight hours and then, whenever practicable, only after advance notice to and with permission of the Owner(s) directly affected thereby.

Section 13.3 Declarant's Easements. (a) For a period of five (5) years from the date of conveyance by Declarant of the last Lot in the Stanton Ridge Development, the Homeowner Common Areas and Facilities and the Country Club Areas and Facilities, Declarant reserves an easement and right on, over, across, under and through the ground within all of the Lots and the Homeowner Common Areas and Facilities and Country Club Areas and Facilities to maintain, correct, and re-channel the drainage of surface water, including, but not limited to, the installation of drainage ditches, swales, storm sewers, or storm drains and also to do installations, repairs, and other things needful or necessary with respect to the sewerage treatment facilities for the Development including, but not limited to, anything whatsoever with respect to the "spray irrigation" facilities and appurtenances on the Property wheresoever situated in accordance with permits, rules, orders, regulations of the New Jersey Department of Environmental Protection and Energy ("NJDEPE") applicable thereto and other laws, statutes, ordinances, orders, rules and regulations of any other governmental authorities having jurisdiction thereof, all as may be amended or supplemented from time to time. Such right expressly includes the right to cut any trees, bushes or shrubbery, to make any gradings of the soil or to take any other similar actions reasonably necessary, following which Declarant shall restore the affected Lot, Homeowner Common Areas and Facilities and Country Club Areas and Facilities as near as practicable and to the extent reasonably feasible to its or their original condition, except that any trees cut or removed need not be replaced. Declarant shall give timely notice of intent to take such action

to all affected Owners, unless in the opinion of Declarant an emergency exists which precludes such notice.

(b) So long as Declarant is engaged in selling, developing or improving any portion of the Property, Declarant, its agents, representatives, employees, contractors, licensees and mortgagees shall have an easement of ingress, egress and use over the Homeowner Common Areas and Facilities, the Country Club Areas and Facilities and any Lot not conveyed to an Owner for occupancy for (i) movement and storage of building materials and equipment, (ii) erection and maintenance of direction and promotional signs, and (iii) conduct of sales activities, including maintenance of model residences.

(c) Declarant, its agents, representatives, employees, successors, and assigns, licensees and mortgagees shall have the following additional easements with respect to the Stanton Ridge Development:

(i) A blanket and non-exclusive easement in, upon, through, under and across the Homeowner Common Areas and Facilities and Country Club Areas and Facilities for the purpose of construction, installation, maintenance and repair of any improvements to the Lots or the Homeowner Common Areas and Facilities or the Country Club Areas and Facilities, for ingress and egress, for the use of all driveways and parking areas throughout the Homeowner Common Areas and Facilities and Country Club Areas and Facilities and for the utilization of the Homeowner Common Areas and Facilities and Country Club Areas and Facilities and the existing and future model Lots for sales promotion, sales models and sales offices and exhibition, and for the exhibition of signs and for any other activity which the Declarant, in its sole and absolute discretion, determines to be reasonably required, convenient or incidental to the construction or sale of the Lots and the improvements thereon or to be constructed thereon, until the last Lot is sold and conveyed by Declarant. In addition, subject to the registration requirements of the

Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-21 et seq., Declarant hereby reserves the irrevocable right to enter into, upon, over or under any Lot for such purposes as it in its sole discretion determines may be convenient or necessary for the Declarant or its agents to service such Lot provided that requests for entry are at a time reasonably convenient for the Owner. In case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

(ii) A perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Homeowner Common Areas and Facilities and the Country Club Areas and Facilities for surface water runoff, discharges and drainage undertaken or caused by the Declarant or caused by natural forces and elements, grading, and/or the improvements located on the Stanton Ridge Development. No Owner (other than Declarant) shall directly or indirectly interfere with or alter the drainage runoff patterns and systems within the Stanton Ridge Development.

(iii) An easement over the Homeowner Common Areas and Facilities and Country Club Areas and Facilities for the purposes of enjoyment, use, access and development of any additional property added to this Declaration or as may be developed by Declarant whether or not same is added to the Declaration. This easement includes but is not limited to a right of ingress and egress over the Homeowner Common Areas and Facilities and Country Club Areas and Facilities for construction of roads and for tying in and installation of utilities of the additional property.

(d) Declarant reserves the right to transfer or assign any easement reserved to it under this Section 13.3 to any person or entity, including the Association.

Section 13.4 Utility Easements. There is hereby created a blanket, perpetual and non-exclusive easement in, upon, across, over, under and through the Homeowner Common Areas

and Facilities and the Country Club Areas and Facilities for the purpose of ingress, egress, installation, repair and maintenance of all utility and service lines and systems including, but not limited to, sanitary and storm sewer, water, power, telephone and subsurface drainage, pipes, lines, mains, conduits, poles, transformers, master telephone antennas, cable communication equipment, sewer treatment plant and sewer and pump station lines, pipes and amenities and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility or other system serving the Stanton Ridge Development, which easement shall be for the benefit of any utility company or governmental agency or other entity (including Declarant and/or the Association) which requires same for the purpose of furnishing one or more of the foregoing services. This easement shall include the right to discharge in perpetuity treated sanitary sewage ("spray irrigation") in, upon, across, over and through any Lots, Homeowner Common Areas and Facilities and the Country Club Areas and Facilities in accordance with permits, rules, orders, regulations of the NJDEPE applicable thereto and other laws, statutes, ordinances, orders, rules and regulations of any other governmental authorities having jurisdiction thereof, all as may be amended or supplemented from time to time. By virtue of this easement it shall be expressly permissible for Declarant, its successors and assigns, or upon the consent of the Declarant for the providing utility or service company to install and maintain equipment on the Stanton Ridge Development, to excavate for such purposes and to affix and maintain wires, circuits and conduits on, in and under the Lots and the roofs and exterior walls of the structures erected upon the Lots, providing such company restores disturbed areas, to the extent reasonably feasible, to the conditions in which they were found. Because of the aforesaid easement to discharge sanitary sewage ("spray irrigation") in, upon, across, over and through the Country Club Areas and Facilities, the owner and/or the lessee of the Country Club

Areas and Facilities does not have to pay and is exempt from paying any user costs and fees of the sewerage treatment facility owned, operated and maintained by the Association.

In the event that any utility company does not restore the disturbed areas to the conditions in which they were found prior to the use of this easement and prior to the disturbance of any lands or improvements, then, in that event the Association shall be entitled, but shall not be required, to restore the disturbed area and to charge the costs incurred as Common Expenses. The Association may pursue reimbursement of such costs from the utility company.

In spite of anything to the contrary contained in this section: (i) no sanitary or storm sewers, pump stations, sewage treatment plant lines, treated sanitary sewage discharges, electrical lines, water lines, television or other utility service lines or facilities for such utilities may be installed or relocated in the Stanton Ridge Development except as approved by Declarant prior to the conveyance of the last Lot to an Owner, or by the Association thereafter, and (ii) this section shall not be construed to apply to the relocation, installation, or removal of utility lines within a structure which serve only the structure. This easement shall in no way affect any other recorded easements on the Property, including all drainage, sanitary sewer, telephone, gas or electric easements shown on the Final Plat(s).

Section 13.5 Easement for Governmental Personnel. A perpetual easement to and for the benefit of the Township of Readington in Hunterdon County, New Jersey and such other governmental agencies having jurisdiction over the Property (but not to the public in general) to enter upon the Property, including all roadways, streams, detention basins, sanitary sewerage facilities and appurtenances, parking areas, driveways, pathways, easements, and sidewalks thereon for the purposes of maintaining the safety, health, welfare, police and fire protection of the citizens of the Township or other jurisdiction, including the residents of the Property. In spite

of any language to the contrary contained within this entire Declaration, this section shall not be amended, changed or deleted in any manner without the prior consent of the Township of Readington or such other governmental agency having jurisdiction.

Section 13.6 Easements for Country Club.

(a) There is hereby created a non-exclusive access easement in, upon, over, across, under and through the Homeowner Common Areas and Facilities and the Lots in favor of the Country Club, the Country Club Members, their guests, employees and any other persons who need access to such Country Club's premises for ingress to and egress from the Country Club Areas and Facilities and for collection and retrieval of errant golf balls.

(b) The Country Club, its agents, employees, contractors, licensees, successors and assigns shall also have an easement of ingress, egress and use over the Homeowner Common Areas and Facilities and for the use of all driveways and parking areas throughout the Country Club Areas and Facilities as may be necessary or desirable for the purpose of maintenance or improvement of the Country Club Areas and Facilities.

(c) The Country Club, its successors and assigns, shall have a perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Homeowner Common Areas and Facilities and Lots for surface water runoff, discharges and drainage undertaken or caused by the Country Club or caused by natural forces and elements, grading, and/or the improvements located on the Country Club Areas and Facilities.

Section 13.7 Easement to Lender. Any Lender, its officers, agents and employees, shall have a blanket, perpetual and non-exclusive easement to enter the Stanton Ridge Development or any part thereof to inspect the condition of and repair the Homeowner Common Areas and Facilities. This right shall be exercised only during reasonable daylight

hours, and then whenever practicable, only after advance notice to and with the permission of the Board.

ARTICLE XIV

ENFORCEMENT OF THIS DECLARATION

Section 14.1 Enforcement by the Association or Any Owner. The Board and Owners (including Declarant) shall have the right to enforce all restrictions, conditions, covenants, reservations, easements, liens and charges now or hereafter imposed by the provisions of this Declaration. The Board shall have the power to make such Rules and Regulations and to promulgate a "Architectural Design Guidelines and Standards Manual" (Design Criteria and Guidelines Manual) as may be necessary or convenient to carry out the intent of the provisions or restrictions herein. The initial manual is Exhibit 18 to this Public Offering Statement. The Board (or the Architectural Review Committee or a Covenants Committee appointed by the Board) shall further have the right to levy fines for violations of the Governing Documents. Each day that a violation continues after receipt of notice by an Owner may be considered a separate violation. Any fine so levied shall be considered a lien on the Lot involved, and collection may be enforced by the Board in the same manner as the Board is entitled to enforce collection of Common Expenses. Enforcement of this Declaration may also be by any appropriate proceeding in law or equity in any court or administrative tribunal having or claiming jurisdiction against any person or persons, firms or corporations violating or attempting to violate any such provisions. An action may be instituted either to restrain or enjoin such violation or threatened violation or to recover damages. Any monies received by any Owner from any other Owner or from an Owner on account of assessments levied by the Association, less all reasonable costs of enforcement, including, without limitation, attorneys' fees and costs shall be paid by such enforcing Owner to the Association. Failure by the Board, Association or any member thereof

to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same.

Section 14.2 Enforcement by the Municipality. In the event that the Association shall fail to maintain all or part of the Homeowner Common Areas and Facilities in accordance with the standards in this Declaration, in reasonable order and condition and in accordance with the Maintenance Standards as may be promulgated, the Township of Readington (or any officials, bodies, bureaus, agencies having jurisdiction over the Property) may serve written notice upon the Association setting forth the manner in which the Association has failed to maintain the Homeowner Common Areas and Facilities in reasonable condition, and said notice shall include a demand that such deficiencies in maintenance be cured within 35 days of the date of the notice, and shall state the date and place of a hearing thereon, which shall be held within 15 days of the date of the notice. At such hearing, the Township (or such officials, bodies, bureaus, agencies having jurisdiction) through its designated municipal body or officer, may modify the terms of the original notice as to such deficiencies and may give a reasonable extension of time to cure the deficiencies, not to exceed 65 days. If the deficiencies are not cured within the 35 day period or any permitted extension thereof, the Township (or officials, bodies, bureaus, agencies having jurisdiction), through its designated municipal body or officer, shall have and be entitled to all the rights, privileges and powers set forth in *N.J.S.A. 40:55D-43 et seq.* of the Municipal Land Use Law and Section 6A.3.5. of the Readington Township Zoning Ordinance, specifically, but not limited to, the right to enter upon the Homeowner Common Areas and Facilities, maintain the same and assess the cost thereof, as provided herein.

The Declarant for itself, its successors and assigns, the Association and its members do hereby expressly covenant, agree, stipulate and authorize the Township (or such officials, bodies, bureaus, agencies having jurisdiction), its agents and employees to enter upon and maintain the

Homeowner Common Areas and Facilities for a period of one (1) year, if the said deficiencies are not cured within the time prescribed above. This right shall not vest any rights in the public to use such Homeowner Common Areas and Facilities, except if such areas are voluntarily dedicated to the public by the Association. Prior to the expiration of the one (1) year period, the Township (or such officials, bodies, bureaus, agencies having jurisdiction) shall, upon its initiative or at the request of the Association, hold a public hearing, upon 15 days written notice to the Association, and the Owners of the Stanton Ridge Development. At such hearing the Association shall show cause why the municipality should not continue to maintain the Homeowner Common Areas and Facilities for a succeeding one (1) year period. If the Township (or such officials, bodies, bureaus, agencies having jurisdiction), its designated municipal body or officer, determines that the Association is ready and able to maintain the Homeowner Common Areas and Facilities in a reasonable condition and in accordance with the standards contained in this Declaration, the municipality shall cease to maintain said areas at the end of the one (1) year period. If the Township (or such officials, bodies, bureaus, agencies having jurisdiction), its municipal body or officer determines that the Association is not ready and able to maintain the Homeowner Common Areas and Facilities in a reasonable condition and in accordance with the standards contained in this Declaration, the municipality, in its discretion, may continue to maintain said areas during the next succeeding year, subject to a similar hearing and determination, in each year thereafter. Any such decisions are subject to judicial review as final administrative decisions.

The cost of the maintenance incurred by the Township for Homeowner Common Areas and Facilities shall be assessed pro rata against the Lots within the Stanton Ridge Development in accordance with their assessed value at the time and imposition of the lien and the assessment shall become a lien and tax on said properties and be added to and be a part of

the taxes to be levied and assessed thereon, and enforced and collected with interest by the same officers and in the same manner as other taxes.

The Township (or such officials, bodies, bureaus, agencies having jurisdiction) shall have no obligation to proceed as set forth herein and the Association shall hold the Township (or such officials, bodies, bureaus, agencies having jurisdiction) harmless for any liability arising from the municipality's actions or failure to act with respect to maintenance of the Common Areas and Facilities.

Section 14.3 Country Club Areas and Facilities. ~~Readington Township shall have the same authority as that provided in Section 14.2 above to enter and maintain the Country Club Areas and Facilities, except that the cost of the maintenance of the Country Club Areas and Facilities shall not be assessed against the Lots within the Stanton Ridge Development unless, by virtue of the termination of the Lease to Stanton Ridge Golf and Country Club, Inc. or the exercise of the Association's right of reverter in and to the Country Club Areas and Facilities, or otherwise, the Association obtains the lawful possession, use of and title to the Country Club Areas and Facilities.~~ For so long as Stanton Ridge Golf and Country Club, Inc. retains a leasehold interest in the Country Club Areas and Facilities, any costs shall be assessed against Stanton Ridge Golf and Country Club, Inc. and the assessment shall become a lien and tax on Stanton Ridge Golf and Country Club, Inc.'s leasehold interest in the Country Club Areas and Facilities and not against the Owners or the Association and shall be added to and be a part of the taxes to be levied and assessed thereon, and enforced and collected with interest by the same officers and in the same manner as other taxes.

ARTICLE XV**EMINENT DOMAIN**

Section 15.1 Proceeds of Awards. If any of the Homeowner Common Areas or Facilities or any part thereof shall be taken, injured or destroyed by eminent domain, each Owner shall be entitled to notice of such taking and to participate through the Association in the proceedings incident thereto. Any awards or monies paid in connection with such proceedings shall be collected by the Association. The Association shall divide any portion of the award not used for the restoration or repair of the remaining Homeowner Common Areas and Facilities among the Owners and their respective mortgagees, as their respective interests may appear.

ARTICLE XVI**LEASES**

Section 16.1 Provisions of Leases. All lease agreements between an Owner and a tenant of any Lot shall be in writing. No Lot shall be leased for any period less than one year and no Owner may lease less than an entire Lot.

All leases shall provide that:

(a) the provisions thereof shall be subject in all respects to the Governing Documents, including, but not limited to, the right of amendment reserved to the Declarant herein;

(b) any failure by the tenant, guests or invitees to comply with the terms of such Governing Documents shall constitute a material default under the lease, and be grounds for termination of the lease and eviction; and

(c) upon any failure by a tenant of a Lot to comply with the provisions of such Governing Documents, then, in addition to all other remedies which it may have, the Association shall notify the Owner of such violation(s) and demand that the same be remedied through the

Owner's efforts within thirty (30) days after such notice. If such violation(s) is not remedied within said thirty (30) day period, then the Owner shall immediately thereafter, at his own cost and expense, institute and diligently prosecute an eviction action against the tenant on account of such violation(s). Such action shall not be compromised or settled without the prior written consent of the Association. In the event the Owner fails to fulfill the foregoing obligation, then the Association shall have the right, but not the duty, to institute and prosecute such action as attorney-in-fact for the Owner and at the Owner's sole cost and expense, including all legal fees incurred. Said cost and expense shall be deemed to constitute a lien on the particular Lot involved, and collection thereof, may be enforced by the Board in the same manner as the Board is entitled to enforce collection of Common Expenses. By acceptance of a deed to any Lot, each and every Owner does thereby automatically and irrevocably name, constitute, appoint and confirm the Association as his attorney-in-fact for the purposes described in this section. This power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and same shall run with the title to any and all lots and be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power.

(d) should the Owner fail to pay any assessment, the amount of same, provided it does not exceed the rent paid by the tenant, can be charged to and collected from the tenant, who may deduct the amount of said payments from the rent due to the Owner.

Section 16.2 Use of Lease Addendum. All lease agreements between an Owner and a tenant for a Lot shall contain the provisions set forth in Article X, Section 10.5 and Article XVI, Section 16.1 hereof in an addendum, in such language as may be required or approved by the Board.

Section 16.3 Submission of Lease. An Owner who leases any Lot must submit to the Board: (i) the name and address of the tenants and the Owners' current address if it differs from the address listed with the Association, and (ii) a copy of the lease agreement and addendum specifically outlining the terms as required herein; and (iii) written acknowledgment by the tenant(s) of receipt of a copy of all Governing Documents.

ARTICLE XVII

RIGHTS OF MORTGAGEES

Section 17.1 Information to be Furnished. Any First Mortgagee of any Lot who makes a request in writing to the Association for the items provided in this Section 17.1 shall have the following rights:

(a) to receive from the Association a written statement of any default in the performance by an Owner under this Declaration, including the failure to pay annual assessments, special assessments, capital contributions, interest or penalties and a copy of any notice of default sent to such Owner;

(b) to be furnished by the Association, within ninety (90) days after the end of each fiscal year of the Association, a copy of the annual financial statement and budget and any written report of the Association, including income and operating statements;

(c) to receive from the Association written notice of any meeting of the Association or Board at which action to be taken would adversely affect any such mortgagee, and to have its representative attend any such meeting;

(d) to receive from the Association written notice of any proposed or actual taking or condemnation of the Homeowner Common Areas and Facilities and any casualty loss affecting the same within twenty (20) working days of receipt of notice of such proposed or actual taking by the Association or occurrence of such loss;

(e) to receive from the Association written notice of any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

(f) to receive from the Association written notice of any proposed action which would require the consent of a specified percentage of Permitted Mortgage holders.

Section 17.2 Prior Written Approval. The prior written approval of fifty-one (51%) percent of the First Mortgagees is required for any material amendment to Governing Documents including, but not limited to, any amendment which would change any provision relating to:

- (a) voting rights;
- (b) reserves for maintenance, repair and replacement of Homeowner Common Areas and Facilities;
- (c) responsibility for maintenance and repairs;
- (d) re-allocation of interests in the Homeowner Common Areas and Facilities or rights to their use or a change in the method of determination of Owners' assessments, distribution of hazard insurance proceeds or condemnation awards;
- (e) expansion or contraction of the lands subject to the Declaration, or the addition, annexation or withdrawal of land to or from the Declaration except for the grant of easements to public utilities or for other purposes consistent with the use of the Homeowner Common Areas and Facilities by the Association, or except as provided for herein as to Declarant's Rights to add additional lands to this Declaration;
- (f) required insurance coverages or fidelity bonds held by the Association;
- (g) leasing of Lots;
- (h) imposition of any restrictions upon an Owner's right to sell or transfer any Lot;
- (i) a decision by the Association to establish self-management rather than professional management;

(j) restoration or repair of the lands and improvements subject to this Declaration (after damage, destruction or condemnation) in a manner other than that specified in this Declaration;

(k) any action or omission of the Association which would terminate the Declaration in the normal course of events or after substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(l) any provisions that expressly benefit Lenders.

Any First Mortgagee, Lender or other mortgagee who receives a written request from the Board to respond to or consent to or vote upon any action shall be deemed to have approved such action if the Board does not receive a written response from the First Mortgagee, Lender or mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the First Mortgagee, Lender or mortgagee by certified or registered mail, return receipt requested.

Section 17.3 Other Rights of First Mortgagees. First Mortgagees may, jointly or singly, pay taxes and other charges which are in default and which may or have become a charge or lien against any portion of the Homeowner Common Areas and Facilities, and may pay overdue premiums on the insurance policies or secure any insurance policies with respect to the coverage to be maintained by the Association pursuant to Article XII hereof, and upon so doing the First Mortgagees making such payments shall be entitled to immediate reimbursement therefore by the Association.

ARTICLE XVIII

DISSOLUTION

The Association shall not be dissolved and shall not dispose of any Homeowner Common Areas and Facilities or Country Club Areas and Facilities by sale or otherwise (except

as otherwise expressly provided in this Declaration) except to Readington Township or to an organization established to own and maintain the Homeowner Common Areas and Facilities for the benefit of the Owners, or established to own the Country Club Areas and Facilities, and thereafter such organization shall not be dissolved and shall not dispose of any of the Homeowner Common Areas and Facilities or Country Club Areas and Facilities without first offering to dedicate said Homeowner Common Areas and Facilities and/or Country Club Areas and Facilities to Readington Township. Any disposition of the Homeowner Common Areas and Facilities or Country Club Areas and Facilities pursuant to this Article XVIII shall be subject to the requirement that the Homeowner Common Areas and Facilities and Country Club Areas and Facilities will be retained and maintained in accordance with the intent of this Declaration.

ARTICLE XIX

WAIVER

No provision contained in this Declaration, including but not limited to the protective covenants and restrictions contained herein, shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE XX

GENDER

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

ARTICLE XXI

SPECIAL DECLARANT RIGHTS

Section 21.1 Special Rights Reserved to Declarant. No special rights created or reserved to the Declarant under this Declaration ("Special Declarant Rights") may be transferred except by an instrument evidencing the transfer recorded in the Office of the County Clerk of Hunterdon County, New Jersey. The Instrument shall not be effective unless executed by the transferor and transferee. Any or all of the Special Declarant Rights may be transferred to designees of the Declarant, including, but not limited to, builders or contractors, provided that such transfer shall not reduce an obligation or enlarge a right beyond that contained herein.

Section 21.2 Liability of Transferor of Declarant Rights. Upon transfer of any such Special Declarant Right, the liability of the transferor is as follows:

- (i) A transferor is not relieved of any obligation or liability arising before the transfer and remains liable for warranty obligations imposed upon him. Lack of privity does not deprive any Owner of standing to bring an action to enforce any obligation of the transferor.
- (ii) If a transferor retains any such Special Declarant Right, or if a successor to any such Special Declarant Right is an affiliate of the Declarant, the transferor is subject to liability for all obligations and liabilities imposed on a Declarant by law, or by the Declaration, arising after the transfer, and is jointly and severally liable with the successor for the liabilities and obligations of the successor which relate to the Stanton Ridge Development.
- (iii) A transferor who retains no such Special Declarant Rights has no liability for any act or omission or any breach of a contractual or warranty obligation arising from

the exercise of any such Special Declarant Right by a successor Declarant who is not an affiliate of the transferor.

Section 21.3 Succession to Declarant Rights. Unless otherwise provided in a mortgage instrument, in case of foreclosure of a mortgage, sale under the Bankruptcy Code, or receivership or assignment for the benefit of creditors proceedings, of any Lots owned by Declarant in the Stanton Ridge Development, a person acquiring title to the Lots being foreclosed or sold succeeds, but only upon his request, to all such Special Declarant Rights requested. Such a person acquiring title will succeed to any Special Declarant Rights to maintain models, sales offices and signs, whether or not he requests the same. The judgment or instrument conveying title shall provide for transfer of only the Special Declarant Rights requested.

Section 21.4 Foreclosure. Upon foreclosure or sale under the Bankruptcy Code or receivership or assignment for the benefit of creditors proceedings of all Lots in the Stanton Ridge Development owned by Declarant:

- (i) The Declarant ceases to have any such Special Declarant Rights; and
- (ii) The period of Declarant control terminates unless the judgment or instrument conveying title provides for transfer of all such Special Declarant Rights to a successor to Declarant.

Section 21.5 Liabilities and Obligations of Successor to Special Declarant Rights. The liabilities and obligations of persons who succeed to all Special Declarant Rights are as follows:

- (i) A successor to all such Special Declarant Rights who is an affiliate of the Declarant is subject to all obligations and liabilities imposed on any Declarant by law or by the Declaration.

- (ii) A successor to all such Special Declarant Rights, other than a successor described in Sections 21.5(iii) and (iv) of this Article who is not an affiliate of Declarant, is subject to all obligations and liabilities imposed upon Declarant by law or the Declaration, but such successor is not subject to liability for misrepresentations or warranty obligations on improvements made by any previous Declarant or made before the Stanton Ridge Development was created, or for a breach of a fiduciary obligation by a previous Declarant.
- (iii) A successor to only a Special Declarant Right to maintain models, sales offices and signs (provided the successor is not an affiliate of Declarant) may not exercise any other Special Declarant Right but is not subject to any liability or obligation as a Declarant.
- (iv) A successor to all Special Declarant Rights (who is not an affiliate of Declarant and who succeeded to those rights pursuant to a deed in lieu of foreclosure or a judgment or instrument conveying title to Lots under Section 21.3 of this Article) may declare his intention in a recorded instrument to hold those rights solely for transfer to another party. Thereafter, until transferring all such Special Declarant Rights to any person acquiring title to any Lot owned by the successor, or until recording an instrument permitting the exercise any of those rights other than the right to control, any attempted exercise of those rights is void. So long as a successor Declarant may not exercise special rights under this subsection he is not subject to any liability or obligation as a Declarant other than liability for the successor's acts and omissions under the Declaration.

Section 21.6 Claims Not Arising Under this Declaration. Nothing in this paragraph subjects any successor to a Special Declarant Right to any claims against or obligations not arising under the Declaration.

Section 21.7 DCA Registration. Any successor to a Special Declarant Right shall register with the New Jersey Department of Community Affairs of New Jersey (DCA) pursuant to the Planned Real Estate Development Full Disclosure Act, *N.J.S.A. 45:22A-21 et seq.*, or obtain an exemption from DCA therefrom.

ARTICLE XXII

RIGHTS RESERVED TO DECLARANT

Anything to the contrary herein or in the Certificate of Incorporation or Bylaws of the Association, Declarant hereby reserves for itself, its successors and assigns, for so long as it owns one or more Lots in the Stanton Ridge Development, the right to sell, lease, mortgage, sublease or otherwise dispose of any unsold Lots within the Stanton Ridge Development.

ARTICLE XXIII

GENERAL PROVISIONS

Section 23.1 Duration and Amendment by Owners. The covenants and restrictions of this Declaration shall run with and bind the land for an initial term of twenty (20) years, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by a vote in person or by proxy of the Owners of at least sixty-seven (67%) percent (or such greater percentage as may be required under this Declaration to amend specific provisions) of all Lots at any duly held meeting of the Association or by written consent the Owners of sixty-seven (67%) percent of all Lots in accordance with the provisions of the Bylaws provided, however, that any amendment so requiring under the provisions of Article XVII or the other provisions of this Declaration, shall also have the prior written approval

of fifty-one (51%) percent of the First Mortgagees (or such other percentage as is required under the applicable provisions) and any amendment so requiring it under the provisions of this Declaration shall also have the prior written approval of the Declarant. An amendment shall not be effective unless recorded in the Office of the Clerk of Hunterdon County, New Jersey. In spite of anything to the contrary contained in this Article XXIII, Article XIV shall not be amended at any time in any way without the express written consent of Readington Township or its successors.

Section 23.2 Amendment by Declarant. The following powers of amendment are reserved to the Declarant:

(a) The Governing Documents may be amended in whole or in part by the Declarant at any time prior to the conveyance of the title to any Lot. Additionally, until the conveyance of the last Lot to be conveyed to an end user (i.e., not a builder or developer for use in its trade or business) or ten (10) years from the date of conveyance by Declarant of the first Lot in the last stage or phase of the Stanton Ridge Development to receive final subdivision approval from the Readington Township Planning Board, whichever occurs first, the Declarant may make any agreement, document, or supplement or amendment to the Governing Documents: (i) required by any rule or regulation of, or requested by, any governmental agency having jurisdiction over the Property, or required by any rule or regulation of, or requested by any Federal Mortgage Agency as a condition of approval for the financing of any Lot; or (ii) requested by any title company insuring title to any Lot or Lender providing financing for the purchase of any Lot (iii) required or deemed necessary or convenient by Declarant in order to correct technical errors (including but not limited to errors in property descriptions or maps or surveys) or typographical errors in the Governing Documents or (iv) as required by the title company or Lender in order to subject all or any portion of any additional property to this Declaration or (v) as deemed necessary or convenient by Declarant in order to make nonmaterial changes to the Governing

Documents; except that no such agreement, document, supplement or amendment which adversely changes the permitted use of a Lot or which reduces the Homeowner Common Areas and Facilities or increases the financial obligations of the Owner or reserves to Declarant any additional or special privileges shall be made without the prior written consent of the affected Owner(s) and all holders of any Mortgage encumbering a Lot, or if such agreement, document, amendment or supplement adversely affects the priority of any Mortgage which encumbers a Lot, without the prior written consent of the holders of such Mortgages.

(b) By acceptance of a deed to any Lot or by acceptance of any other legal or equitable interest in the Property, each and every contract purchaser, Owner, mortgagee or other lien holder or party having such legal or equitable interest does automatically irrevocably name, constitute, appoint and confirm the Declarant, its successors and assigns, as attorney-in-fact for the purpose of executing such amended or supplemental Declaration(s) and other instruments necessary to effect the provisions of this Article, subject to the limitations contained herein. Said power of attorney shall terminate ten (10) years from the date of the conveyance of the first Lot in the last stage or phase of the Stanton Ridge Development to receive final subdivision approval from the Readington Township Planning Board.

(c) The powers of attorney aforesaid are expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots and be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, said powers of attorney shall not be affected by the death or disability of any principal and are intended to deliver all right, title and interest of the principal in and to said powers. Said powers of attorney shall be vested in the Declarant, its successors and assigns until the same effectuate the initial conveyance of all Lots. Thereafter,

said powers of attorney shall automatically vest in the Association to be exercised by its Board of Directors.

Section 23.3 Rule Against Perpetuities. If any provision of this Declaration, or the Bylaws shall be interpreted to constitute a violation of the rule against perpetuities, then such provision shall be deemed to remain in effect until the death of the last survivor of the now living descendants of Elizabeth II, Queen of England, plus twenty-one (21) years thereafter.

Section 23.4 Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any provision hereof, all of which shall remain in full force and effect.

Section 23.5 Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

Section 23.6 Encroachments. In the event any portion of any structure erected on a Lot shall encroach upon the Homeowner Common Areas and Facilities or Country Club Areas and Facilities, or vice versa, as a result of the construction, reconstruction, repair, shifting, settlement or movement thereof, a valid easement for the encroachment and for the maintenance thereof shall exist so long as the encroachment exists.

Section 23.7 Management Agreements. So long as the Declarant is entitled to elect a majority of the Board, any contract or agreement affecting the use, maintenance or access of the Homeowner Common Areas and Facilities entered into between the Declarant and itself or a company owned, operated or controlled by the Declarant or in which it has a financial interest shall not be entered into for a period in excess of one year. Such contracts or agreements shall

not be renewed for periods in excess of one year and the Association may, at the expiration of any one year period, terminate any further renewals or extensions thereof.

Section 23.8 Certain Rights of the Declarant. For such time as Declarant shall own any Lot, Declarant's rights and interests shall not be prejudiced by any of the following actions unless it shall, in writing, join in such actions and there shall be no amendments to this Declaration, the Certificate of Incorporation of the Association or the Bylaws of the Association which:

- (a) Discriminate or tend to discriminate against Declarant's rights as an Owner;
- (b) Change the Definitions appearing in Article I of this Declaration in a manner which alters Declarant's rights or status;
- (c) Alter the character and rights of membership or the rights of the Declarant as set forth herein;
- (d) Alter previously recorded or written agreements with public or quasi-public agencies regarding easements and rights-of-way; or
- (e) Would be detrimental to the sale of Lots by the Declarant.

Section 23.9 Prohibition on the Use of the Names Stanton Ridge, Stanton Ridge Development and Stanton Ridge Country Club. No person shall use the names "Stanton Ridge," "Stanton Ridge Development," or "Stanton Ridge Country Club" or any derivative thereof in any printed or promotional material without the prior written consent of the Declarant. However, an Owner may use the foregoing names in printed or promotional material where such name is used solely to specify that particular property is located within the Stanton Ridge Development and the Association and the Country Club shall be entitled to use the names "Stanton Ridge," "Stanton Ridge Development" and "Stanton Ridge Country Club."

Section 23.10 Assumption of Risks Related to Proximity of Golf Course.

All Owners of Lots in the Development by acceptance of delivery of a deed, assume the risks of ownership of property adjacent or in close proximity to the Stanton Ridge golf course, including the risks (as examples and not as a limitation on the generality of such risks) of golf balls being hit onto the Owner's Lot, with the potential of causing bodily injury or physical damage to property and golfers coming onto the Owner's Lot to look for errant golf balls. By acceptance of delivery of the deed and the assumption of such risks, Owners agree that neither the Country Club nor the Declarant nor the Association nor any other entity owning, leasing or managing the Country Club Areas and Facilities shall be liable to the Owner or anyone else claiming any loss or damage including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Owner's Lot to the golf course and Country Club Areas and Facilities, including, without limitation, any claim arising in whole or in part from the negligence of the Declarant, the Country Club, the Association or any other entity owning, leasing or managing the golf course and Country Club Areas and Facilities. All Owners shall indemnify and hold harmless the Country Club, the Association and any other entity owning, leasing or managing the golf course and Country Club Areas and Facilities against any and all such claims, loss or damages by the Owners, the Owners's guests, invitees or licensees with respect to the above. Nothing herein shall limit or restrict any power of the Declarant, the Country Club, the Association or any entity owning, leasing or managing the golf course and Country Club Areas and Facilities to change the design of the golf course, and such changes, if any, shall not nullify, restrict or impair the Owner's covenants and duties contained herein and in the deed.

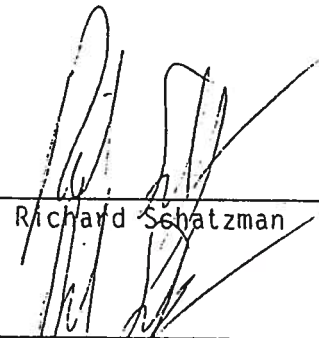
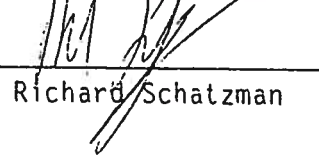
Section 23.11 Effective Date. This Declaration shall become effective upon its recordation in the Office of the Clerk of Hunterdon County, New Jersey.

Section 23.12 Exhibits. Attached hereto and made a part hereof are the following Exhibits:

- EXHIBIT "A" - Description of Property
- EXHIBIT "B" - Description of Property
- EXHIBIT "C" - Description of Property
- EXHIBIT "D" - Homeowner Common Areas and Facilities
- EXHIBIT "E" - Homeowner Common Areas and Facilities
- EXHIBIT "F" - Country Club Areas and Facilities
- EXHIBIT "G" - Country Club Areas and Facilities

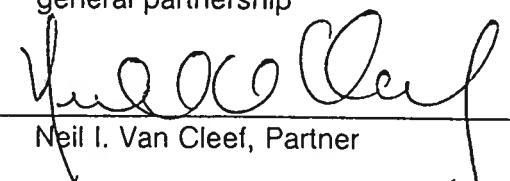
IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed on the day and in the year first above written.

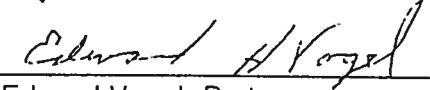
WITNESS:


 Richard Schatzman

 Richard Schatzman

STANTON PROPERTIES II, a New Jersey general partnership

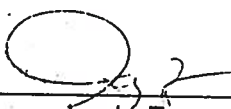
By: Stanton Properties, a New Jersey general partnership

By: 
 Neil I. Van Cleef, Partner

By: 
 Edward Vogel, Partner

ATTEST:

By: Chanco Development Corporation-
Stanton, a Delaware corporation

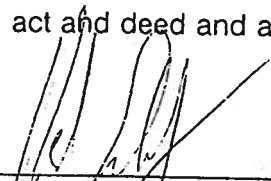

Name: Jay L. Zagoren
Title: Assistant Secretary
(Corporate Seal)

By: 
Name: Raymond Erstikaitis
Title: Vice President

STATE OF NEW JERSEY)
ss:
COUNTY OF MERCER)

I CERTIFY that on November 3, 1993, NEIL I. VAN CLEEF and EDWARD VOGEL, Partners in Stanton Properties, a New Jersey general partnership, a general partner of Stanton Properties II, a New Jersey general partnership, personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed this Instrument; and
- (b) signed, sealed and delivered this Instrument as his act and deed and as the act and deed of the partnership.


Richard Schatzman
An Attorney at Law
State of New Jersey

STATE OF NEW JERSEY)
ss:
COUNTY OF MERCER)

I CERTIFY that on November 3, 1993, JAY L. ZAGOREN, personally came before me and this person acknowledged under oath, to my satisfaction, that:

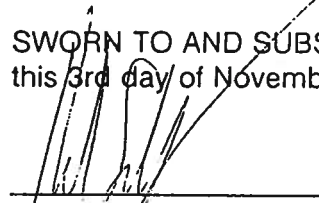
- (a) this person is the Assistant Secretary of CHANCO DEVELOPMENT CORPORATION - STANTON, a Delaware corporation, the corporation named in the attached document and a general partner of Stanton Properties II, a New Jersey general partnership;
- (b) this person is the attesting witness to the signing of this document by the proper corporate officer who is Raymond Erstikaitis, the Vice President of the corporation;

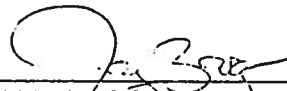
(c) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors and as the voluntary act of the partnership;

(d) this person knows the proper seal of the corporation which was affixed to this document; and

(e) this person signed this proof to attest to the truth of these facts.

SWORN TO AND SUBSCRIBED
this 3rd day of November, 1993


Richard Schatzman
An Attorney at Law
State of New Jersey


JAY L. ZAGOREN, Assistant Secretary

NOV 10 1993
RECEIVED
STATE OF NEW JERSEY
TREASURER'S OFFICE