

MASTER DEED
FOR
CINNAMINSON HARBOUR
VILLA HOMES CONDOMINIUM

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TABLE OF CONTENTS
MASTER DEED
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VILLA HOMES CONDOMINIUM

	<u>PAGE</u>
ARTICLE I - DEFINITIONS	4
1.01. General	4
1.02. Affiliate	4
1.03. Amendment and Supplement	5
1.04. Annual Common Expense Assessment	5
1.05. Beneficial Member	5
1.06. Board of Directors	5
1.07. Board of Trustees	6
1.08. Building	6
1.09. By-Laws	6
1.10. Capital Improvement Assessment	6
1.11. Certificate of Incorporation	6
1.12. Common Elements	7
1.13. Common Expenses	7
1.14. Community	7
1.15. Community Association	7
1.16. Community Association Documents	8
1.17. Condominium Act	8
1.18. Condominium Documents	8
1.19. Declaration	8
1.20. Developer	8
1.21. Eligible Mortgage Holder	8
1.22. Emergency Common Expense Assessment	9
1.23. Entire Tract	9
1.24. First Mortgage	9
1.25. General Common Elements	9
1.26. Institutional Lender	9
1.27. Lease	10
1.28. Limited Common Elements	10
1.29. Limited Common Expenses	10
1.30. Master Deed	10
1.31. Member	10
1.32. Member in Good Standing	10
1.33. Miscellaneous Assessments	11
1.34. Mortgage	11

1.35.	Mortgage Holder.....	11
1.36.	Owner or Unit Owner.....	11
1.37.	Permitted Mortgage.....	11
1.38.	Property.....	12
1.39.	Remedial Assessments.....	12
1.40.	Reserved Common Elements.....	12
1.41.	Rules and Regulations.....	12
1.42.	Special Common Expense Assessments.....	12
1.43.	Subject Condominium.....	12
1.44.	Villa Home.....	13
1.45.	Villa Homes Condominium.....	13
1.46.	Villa Homes Condominium Association.....	13
ARTICLE II - GENERAL DESCRIPTION OF VILLA HOMES CONDOMINIUM.....		14
2.01.	The Villa Homes Condominium.....	14
2.02.	Expansion of the Villa Homes Condominium.....	14
2.03.	Recordation of the Master Deed.....	14
ARTICLE III - DESCRIPTION OF VILLA HOMES.....		15
3.01.	Boundary.....	15
3.02.	Items Included in Villa Home.....	16
3.03.	Interior Partitions.....	17
ARTICLE IV - DESCRIPTION OF COMMON ELEMENTS.....		18
4.01.	General Common Elements.....	18
4.02.	Limited Common Elements.....	20
4.03.	Repair and Maintenance of Limited Common Elements.....	20
4.04.	Rights to Use Limited Common Elements.....	21
4.05.	Villa Homes Condominium Association's Regulation of Use and Maintenance of Limited Common Elements.....	21
4.06.	Reserved Common Elements.....	21
ARTICLE V - ESTATE ACQUIRED AND MEMBERSHIP INTEREST.....		22
5.01.	Estate Acquired.....	22
5.02.	Percentage Interest.....	22
5.03.	Voting.....	23
5.04.	No Partition.....	23
5.05.	Membership in the Villa Homes Condominium Association.....	24
5.06.	Compliance by Owners.....	24
5.07.	Common Expenses.....	25
5.08.	Entitlement to the Use of Recreation Facility.....	25
ARTICLE VI - ASSESSMENTS.....		26
6.01.	Covenant to Pay Assessments.....	26

6.02.	Liability for Assessments.....	26
6.03.	Annual Common Expense Assessments.....	27
6.04.	Notice of Annual Common Expense Assessments.....	27
6.05.	Use of Annual Common Expense Assessments.....	27
6.06.	Allocation; Obligations of the Developer.....	28
6.07.	Annual Common Expense Assessments Not Made.....	29
6.08.	Due Dates of Annual Common Expense Assessments.....	29
6.09.	Emergency Common Expense Assessments.....	29
6.10.	Special Common Expense Assessments.....	30
6.11.	Capital Improvement Assessments.....	31
6.12.	Exemption from Capital Improvement Assessments.....	31
6.13.	Remedial Assessments.....	31
6.14.	Additional Villa Homes Condominium Common Expense Assessment for Real Estate Taxes Assessed on a Bulk Basis.....	32
6.15.	Miscellaneous Assessments.....	33
6.16.	Certificate of Payment.....	34
6.17.	Interest in Common Surplus.....	34
6.18.	Limitations on Developer.....	35
ARTICLE VII - MAINTENANCE RESPONSIBILITIES.....		35
7.01.	Responsibilities of Owners.....	35
7.02.	Responsibilities of the Villa Homes Condominium Association.....	36
7.03.	Rights of the Villa Homes Condominium Association.....	37
7.04.	Damage Due to Negligence, Omission or Misuse.....	37
7.05.	Responsibilities Delegated to Community Association.....	38
ARTICLE VIII - EASEMENTS.....		38
8.01.	Owner Easements.....	38
8.02.	Developer Easements.....	41
8.03.	Villa Homes Condominium Association Easements.....	43
8.04.	Permitted Mortgage Holder Easements.....	44
8.05.	Governmental Easements.....	44
8.06.	Utility Easements.....	45
8.07.	Community Association Easements.....	45
8.08.	Easements to Owners in Other Subject Condominium(s).....	46
8.09.	Easements of Record.....	46
8.10.	Responsibility for Damages.....	46
ARTICLE IX - BY-LAWS AND ADMINISTRATION.....		46
9.01.	Administration of Common Elements.....	46
9.02.	Developer's Power of Attorney.....	47
9.03.	Developer Prohibited Voting.....	49
9.04.	Villa Homes Condominium Association Power of Attorney.....	49

ARTICLE X - RESTRICTIONS	50
10.01. Covenants and Restrictions.....	50
10.02. Restrictions on Alterations.....	56
10.03. Restrictions on Leasing.....	57
10.04. Fines.....	59
10.05. Conflicts.....	60
10.06. Enforcement by Community Association.....	60
ARTICLE XI - INSURANCE	61
11.01. Insurance.....	61
11.02. Disposition of Insurance Proceeds.....	61
11.03. Insurance Proceeds Less Than or Equal to \$50,000.....	61
11.04. Insurance Proceeds Greater than \$50,000.....	62
11.05. Responsibility of Owner.....	63
11.06. Insurance Proceeds Insufficient.....	63
11.07. Excess Insurance Proceeds.....	64
11.08. Assignment to Permitted Mortgage Holder.....	64
ARTICLE XII - EMINENT DOMAIN	64
12.01. General.....	64
12.02. Notice and Participation of Owners.....	64
12.03. Allocation of Awards.....	65
ARTICLE XIII - PROTECTIVE PROVISIONS FOR THE BENEFIT OF ELIGIBLE OR PERMITTED MORTGAGE HOLDERS	66
13.01. Notice to Eligible Mortgage Holders.....	66
13.02. Prior Written Approval of 51% of Eligible Mortgage Holders.....	66
13.03. Prior Written Approval of 67% of Eligible Mortgage Holders.....	68
13.04. Implied Approval of Eligible Mortgage Holders Assumed.....	68
13.05. Notice of Non-Material Amendment.....	68
13.06. Notice.....	69
13.07. No Partition.....	70
13.08. Common Expense Lien Subordinate.....	70
13.09. Inspection of Records.....	70
13.10. Notice of Meetings.....	71
13.11. Liability for Common Expense Assessments.....	71
13.12. Management Agreements.....	71
13.13. Common Expense Default.....	71
ARTICLE XIV - DEVELOPER'S RIGHTS AND OBLIGATIONS	72
14.01. Ratification, Confirmation and Approval of Agreements.....	72
14.02. Rights Reserved to Developer.....	72
14.03. Right to Incorporate Additional Sections, Buildings and Villa Homes Into Villa Homes Condominium.....	73

14.04. Transfer of Special Developer's Rights	75
14.05. Liability of Transferor.....	75
14.06. Transfer of Rights Requested.....	76
14.07. Foreclosure; Bankruptcy; Receivership.....	76
14.08. Liability of Successors.....	76
14.09. Limitation.....	78
ARTICLE XV - GENERAL PROVISIONS	78
15.01. Duration	78
15.02. Termination.....	79
15.03. Amendment of Master Deed.....	79
15.04. Enforcement.....	80
15.05. Maintenance by Municipality	80
15.06. Validity	81
15.07. Waiver.....	81
15.08. Notice to Owners and Members	81
15.09. Notice to Community Association.....	82
15.10. Notice to Villa Homes Condominium Association	82
15.11. Gender.....	83
15.12. Rules and Regulations.....	83
15.13. Conflict with Community Rules or Regulations.....	83
15.14. Enforcement and Fines.	83
15.15. Exhibits.....	84

LIST OF EXHIBITS

- A Legal Description of Section 1
- B Preliminary Subdivision Plan for Section 1
- B-1 Preliminary Overall Plan (Section Three)
- C Architectural Drawings
- D Certificate of Incorporation of Cinnaminson Harbour
Villa Homes Condominium Association, Inc.
- E By-Laws of Cinnaminson Harbour
Villa Homes Condominium Association, Inc.
- F Schedule of Percentage Interest in Common Elements
(Section 1 - 65 Villa Homes)

F-1 Schedule of Percentage Interest in Common Elements
Based on Full Occupancy of 209 Villa Homes

MASTER DEED

FOR

CINNAMINSON HARBOUR VILLA HOMES CONDOMINIUM

THIS MASTER DEED is made this 11th day of December, 2006, by THE VILLAGES AT CINNAMINSON HARBOUR, L.L.C., a New Jersey limited liability company, having an address at 433 River Road, Highland Park, New Jersey 08904 (the "Developer").

WHEREAS, the Developer owns in fee simple certain lands and premises in the Township of Cinnaminson, Burlington County, New Jersey which are more particularly described in Exhibit "A" and shown on Exhibit "B" attached hereto and made a part hereof ("Section 1"); and

WHEREAS, the Preliminary Overall Plan (Section Three) is appended hereto as Exhibit "B-1" (the "Entire Tract"); and

WHEREAS, it is the present intention, but not the obligation, of the Developer to establish the form of ownership of all or a portion of the Entire Tract as a condominium pursuant to the provisions of the New Jersey Condominium Act, N.J.S.A. 46:8B-1 et seq., under the name of Cinnaminson Harbour Villa Homes Condominium (the "Villa Homes Condominium"), containing up to a maximum of two hundred nine (209) residential units; and

WHEREAS, Developer is the owner of fee simple title to, and this Master Deed is intended to establish the condominium form of ownership only for, that portion of the Entire Tract described in (i) Exhibit "A", containing approximately 10.66 acres, on which the Developer intends to construct sixty-five (65) units in fifteen (15) buildings, together with other improvements, all as more particularly shown on that certain Preliminary Subdivision Plan -

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Section Three dated April 2004, last revised July 11, 2005, prepared by Land Dimensions Engineering, and attached hereto and made a part hereof as Exhibit "B" ("Section 3 of the Cinnaminson Harbour Community") and those certain architectural drawings prepared by Minno & Wasko, Architects and Planners, attached hereto and made a part hereof as Exhibit "C"; and

WHEREAS, the Developer has reserved the right, but is not obligated, to amend and supplement this Master Deed from time to time to incorporate all or a portion of the remaining lands and premises in the Entire Tract and those buildings, units, parking areas and other improvements constructed or to be constructed thereon into the Villa Homes Condominium pursuant to the provisions of the New Jersey Condominium Act, N.J.S.A. 46:8B-1 et seq., as more particularly set forth in Article II of this Master Deed; and

WHEREAS, the Developer can exercise its right to incorporate additional lands, sections, phases, buildings, and units into the Villa Homes Condominium by the recordation in the Burlington County Clerk's Office of one or more amendments and supplements to this Master Deed; and

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

WHEREAS, the Developer expressly reserves the right to expand the jurisdiction of the Villa Homes Condominium Association to include responsibility for the administration, operation and management of any future section(s); and

WHEREAS, all owners of the Villa Homes in the Villa Homes Condominium will automatically be members of the Villa Homes Condominium Association and subject to the Master Deed, the Certificate of Incorporation and By-Laws of the Villa Homes Condominium Association; and

WHEREAS, all owners of Villa Homes in the Villa Homes Condominium will also be members of Cinnaminson Harbour Community Association, Inc., a New Jersey non-profit corporation (the "Community Association") incorporated by the Developer to (a) own, administer, operate and manage such lands and premises within the Community as are included in the Community as common property and recreational facilities, if any, and which are now or hereafter subjected to the Declaration of Covenants, Easements and Restrictions for The Villages at Cinnaminson Harbour Community (the "Declaration") and intended for the common use and enjoyment of the beneficial members of the Community Association, and is not part of the Villa Homes Condominium or any other condominium now or hereafter established in the Community, and (b) maintain all parking areas (exclusive of driveways), storm drainage and certain other specified facilities within the Community, whether or not such parking areas (exclusive of driveways), and storm drainage and other facilities are included in the common elements of any condominium now or hereafter established, and (c) perform such further responsibilities as are provided in the Declaration.

THEREFORE, WITNESSETH:

ESTABLISHMENT OF CONDOMINIUM. The Developer does hereby submit, declare and establish in accordance with N.J.S.A. 46:8B-1 et seq., the condominium form of ownership for that parcel of land described in Exhibit "A" aforesaid, together with all improvements thereon, and as more particularly shown on Exhibits "B" and "C" attached hereto and made a part hereof, to be known as Section 1 of Cinnaminson Harbour Villa Homes Condominium.

**ARTICLE I
DEFINITIONS**

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

1.02. "Affiliate" of a Developer means any entity which controls, is controlled by, or is under common control with the Developer. An entity "controls" a Developer if the entity (i) is an officer, director, partner, managing member or employer of the Developer, (ii) directly or indirectly or acting in concert with one or more other entities or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty (20%) percent of the voting interest in the Developer, or (iii) has contributed more than twenty (20%) percent of the capital of the Developer. An entity "is controlled by" the Developer if the Developer (i) is a general partner, officer, director, managing member or employer of the

entity, (ii) directly or indirectly or acting in concert with one or more other entities, or through one or more subsidiaries, owns, controls, holds the power to vote, or holds proxies representing more than twenty (20%) percent of the voting interest in the entity, (iii) controls in any manner the election of a majority of the directors of the entity, or (iv) has contributed more than twenty (20%) percent of the capital of the entity. Control does not exist if the powers described in this Section are held solely as security for an obligation and are not exercised.

1.03. "Amendment and Supplement" to the Master Deed shall mean that documentary supplementation to this Master Deed permitted and required by Article XIV of this Master Deed to be recorded in the Burlington County Clerk's Office to incorporate additional sections, phases, Buildings and Villa Homes into the Villa Homes Condominium, together with other improvements thereon, all as more specifically discussed in Article XIV to this Master Deed.

1.04. "Annual Common Expense Assessment" shall mean and refer to those assessments upon the Owner(s) for Common Expenses as described in Section 6.03 of this Master Deed.

1.05. "Beneficial Member" shall mean and refer to every Owner, other than the Developer, all of whom are automatically members of the Community Association by virtue of Unit ownership.

1.06. "Board of Directors" shall mean the Board of Directors of the Villa Homes Condominium Association and any reference herein or in the Certificate of Incorporation, By-Laws or Rules and Regulations to any power, duty, right of approval or any other right of the Villa Homes Condominium Association shall be deemed to refer to the Board of Directors and not the Members of the Villa Homes Condominium Association, unless the context expressly

indicates to the contrary. With respect to any reference herein to any power or duty, right of approval or any other right which may be delegated, "Board of Directors" shall mean the entity to which such power or duty, right of approval or any other right has been delegated.

1.07. "Board of Trustees" shall mean the Board of Trustees of The Villages at Cinnaminson Harbour Community Association, Inc. (the "Community Association"), and any reference herein or in the Certificate of Incorporation, By-Laws or Rules and Regulations to any power, duty, right of approval or any other right of the Community Association shall be deemed to refer to the Board of Trustees and not the Members of the Community Association, unless the context expressly indicates to the contrary.

1.08. "Building" shall mean and refer to all the enclosed structures containing Villa Homes and structural improvements appurtenant thereto which are located on the lands described in Exhibit "A" and shown on Exhibits "B" and "C", as those Exhibits are hereinafter amended and supplemented from time to time pursuant to Article XIV hereof.

1.09. "By-Laws" shall mean and refer to the By-Laws of the Villa Homes Condominium Association, a copy of which is attached hereto and made a part hereof as Exhibit "E", together with all future amendments or supplements thereto.

1.10. "Capital Improvement Assessment" shall mean and refer to those Common Expense assessments imposed upon the Owner(s) as described in Section 6.11 of this Master Deed.

1.11. "Certificate of Incorporation" shall mean and refer to the Certificate of Incorporation of the Villa Homes Condominium Association, a copy of which is attached hereto

and made a part hereof as Exhibit "D", together with all future amendments or supplements thereto.

1.12. "Common Elements" shall mean "General Common Elements," "Limited Common Elements" and "Reserved Common Elements."

1.13. "Common Expenses" shall, subject to the provisions of Article VI hereof, mean all those expenses anticipated by N.J.S.A. 46:8B-3(e), in addition to all expenses including reserves incurred or assessed by the Villa Homes Condominium Association, or its respective directors, officers, agents or employees, in the lawful performance of their respective duties or powers.

1.14. "Community" shall mean and refer to that planned unit development community, intended to contain dwellings and structures of various types, together with other improvements and amenities, located in the Township of Cinnaminson, Burlington County, New Jersey, established pursuant to the Declaration, and known as The Villages at Cinnaminson Harbour Community, consisting of approximately 105 acres and upon which up to three (3) residential condominiums containing a total of up to 506 units and related improvements are planned to be constructed.

1.15. "Community Association" shall mean and refer to The Villages at Cinnaminson Harbour Community Association, Inc., a New Jersey non-profit corporation, formed to administer, manage and operate the common affairs of the Beneficial Members of the Community Association, to own the Community common property as described in the Declaration, and to maintain, repair and replace the Community common property and all

parking areas (but not driveways), storm drainage facilities and other specified facilities within the Community.

1.16. "Community Association Documents" shall mean and refer to those documents which establish The Village at Cinnaminson Harbour Community Association, Inc., and otherwise established rules, regulations, obligations, restrictions, covenants and/or other conditions applicable to its Members.

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

1.18. "Condominium Documents" shall mean and refer to this Master Deed and its exhibits, including the Villa Homes Condominium Association's Certificate of Incorporation, By-Laws and Rules and Regulations, which the Developer has recorded or will record in the Burlington County Clerk's Office, together with all future amendments and supplements.

1.19. "Declaration" shall mean and refer to that certain Declaration of Covenants, Easements and Restrictions for The Villages at Cinnaminson Harbour Community, together with all future amendments and supplements, which are now or hereafter recorded in the Office of the Clerk of Burlington County.

1.20. "Developer" shall mean and refer to THE VILLAGES AT CINNAMINSON HARBOUR, L.L.C., a New Jersey limited liability company, its successors and assigns, and includes any successor to the Developer contemplated by Article XIV of this Master Deed.

1.21. "Eligible Mortgage Holder" shall mean and refer to the holder, insurer or guarantor of a First Mortgage encumbering any Villa Home which has given written notice to the Villa Homes Condominium Association in the manner provided in Section 13.01 of this Master

Deed of its desire to have notice of those matters which are the subject of Sections 13.02 through 13.06 and 13.10 of this Master Deed. The notice to the Villa Homes Condominium Association must state the name of the Mortgage Holder and the address to which notices are to be sent and must sufficiently identify the Villa Home for which the Eligible Mortgage Holder holds a First Mortgage. It shall be the obligation of the Eligible Mortgage Holder to keep the Villa Homes Condominium Association informed of any change of address to which required notices should be sent.

1.22. "Emergency Common Expense Assessment" shall mean and refer to those Common Expense assessments imposed upon the Owner(s) as described in Section 6.09 of this Master Deed.

1.23. "Entire Tract" shall mean and refer to all those lands and premises in the Township of Cinnaminson, Burlington County, New Jersey and more particularly shown on Exhibit "B-1" attached hereto and made a part hereof.

1.24. "First Mortgage" shall mean and refer to the first or paramount Mortgage, the lien of which encumbers a Villa Home.

1.25. "General Common Elements" shall have the same meaning as "Common Elements" pursuant to N.J.S.A. 46:8B-3(d), except as same may be modified by the provisions of Article IV of this Master Deed.

1.26. "Institutional Lender" shall mean and refer to any bank, mortgage banker, trust company, insurance company, savings and loan association, pension fund or other financial institution or governmental agency providing, acquiring, insuring, guaranteeing or proposing to provide, acquire, insure or guarantee Mortgages. It shall also mean and include the Federal

National Mortgage Association (FNMA), the Veteran's Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Housing Administration (FHA), the Township of Cinnaminson and any other similar governmental or quasi-governmental entity that provides, acquires, insures or guarantees or proposes to provide, acquire, insure or guarantee Mortgages.

1.27. "Lease" shall mean and refer to any agreement for the leasing or rental of any Villa Home of the Villa Homes Condominium.

1.28. "Limited Common Elements" shall have the same meaning as "limited common elements" pursuant to N.J.S.A. 46:8B-3(j), except as same may be modified by the provisions of Article IV of this Master Deed.

1.29. "Limited Common Expenses" shall mean and refer to those Common Expenses for which some, but not all, of the Owners are proportionately liable, including, but not limited to, those expenses which are declared to be Limited Common Expenses by the provisions of this Master Deed or the By-Laws.

1.30. "Master Deed" shall mean and refer to the Master Deed for Cinnaminson Harbour Villa Homes Condominium, together with all future amendments and supplements thereto which are recorded in the Office of the Clerk of Burlington County.

1.31. "Member" shall mean and refer to all those Owners who are members of the Villa Homes Condominium Association as provided in Article V of the Certificate of Incorporation.

1.32. "Member in Good Standing" shall mean and refer to any Member who has, at least thirty (30) calendar days prior to the date fixed for any meeting or other Villa Homes Condominium Association action, fully paid all installments due for assessments made or levied

against him and his Villa Home by the Board of Directors, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him and to his Villa Home.

1.33. "Miscellaneous Assessments" shall mean and refer to those assessments imposed upon the Owner(s) as described in Section 6.15 of this Master Deed.

1.34. "Mortgage" shall mean and refer to the duly recorded instrument and underlying obligation giving rise to a mortgage lien on any Villa Home.

1.35. "Mortgage Holder" shall mean and refer to the holder of record of a Mortgage or one who insures or guarantees any Mortgage.

1.36. "Owner" or "Unit Owner" shall mean and refer to those persons or entities, including the Developer, in whom record fee simple title to any Villa Home is vested as shown in the records of the Burlington County Clerk, unless the context expressly indicates otherwise, but despite any applicable theory of mortgage, shall not mean or refer to any mortgagee or trustee under a deed of trust unless and until such mortgagee or trustee has acquired title to any such Villa Home pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure, nor shall the term "Unit Owner" refer to any lessee or tenant of a "Unit Owner."

1.37. "Permitted Mortgage" shall mean and refer to any Mortgage that is held by an Institutional Lender, or which is a purchase money First Mortgage held by the Developer or any other seller of a Villa Home. It shall also mean and include any other Mortgage, the lien of which by the expressed terms of the Mortgage is subordinate to any and all existing or future Common Expense liens imposed by the Villa Homes Condominium Association. Any acquisition, construction, permanent or other Mortgage placed by the Developer upon all or a

portion of the Property including any Villa Home, shall also be a Permitted Mortgage so long as same is expressly made subordinate to the Condominium Documents and provides a mechanism for securing partial releases for Villa Homes and their respective percentage interest in the Common Elements encumbered by same to the extent permitted by law.

1.38. "Property" shall mean and refer to the Buildings, the land and premises described in Exhibit "A", such further lands and premises within the Entire Tract as are now or hereafter subjected to this Master Deed and the condominium form of ownership by an Amendment and Supplement and all improvements now or hereafter constructed in, upon, over or through such land and premises.

1.39. "Remedial Assessments" shall mean and refer to those assessments imposed upon the Owner(s) as described in Section 6.13 of this Master Deed.

1.40. "Reserved Common Elements" shall mean and refer to those portions of the General Common Elements that the Board of Directors shall license same as available to less than all Owners pursuant to Section 4.06 hereof.

1.41. "Rules and Regulations" shall mean and refer to those rules and regulations of the Villa Homes Condominium Association that the Board of Directors may promulgate, together with all future amendments or supplements thereto.

1.42. "Special Common Expense Assessments" shall mean and refer to those Common Expense Assessments imposed upon the Owner(s) as described in Section 6.10 of this Master Deed.

1.43. "Subject Condominium" shall mean and refer to any portion of the Community that has been subjected to the condominium form of ownership by the recordation of a Master

Deed in the Burlington County Clerk's Office, including, but not limited to, the Villa Homes Condominium.

1.44. "Villa Home" shall mean and refer to a part of the Villa Homes Condominium designated and intended for independent ownership and use as a residential dwelling regardless of type as more specifically described in Article III hereof and shall not be deemed to include any part of the General Common Elements or Limited Common Elements situated within or appurtenant to a Villa Home. Villa Home shall also include the undivided percentage interest in the Common Elements assessed in this Master Deed or any amendment hereof.

1.45. "Villa Homes Condominium" shall mean and refer to Cinnaminson Harbour Villa Homes Condominium and shall include (i) all the lands and premises described in Exhibit "A" and shown on Exhibit "B", and any additional lands and premises within the Entire Tract, which are later subjected to this Master Deed and submitted to the condominium form of ownership; (ii) all improvements now or hereinafter constructed in, upon, over or through such lands and premises; (iii) all privileges or appurtenances pertaining or belonging to the Entire Tract; and (iv) the entire entity created by the execution and recording of this Master Deed.

1.46. "Villa Homes Condominium Association" shall mean and refer to Cinnaminson Harbour Villa Homes Condominium Association, Inc., a New Jersey non-profit corporation, formed to administer, manage and operate the common affairs of the Owners of the Villa Homes Condominium and to maintain, repair and replace the General and Limited Common Elements of the Condominium as provided in this Master Deed and the By-Laws.

ARTICLE II

GENERAL DESCRIPTION OF VILLA HOMES CONDOMINIUM

2.01. The Villa Homes Condominium. The Villa Homes Condominium will initially include the lands described in (i) Exhibit "A" aforesaid, consisting of approximately 10.66 acres in the aggregate and sixty-five (65) Villa Homes to be located in fifteen (15) Buildings, together with all parking areas, and all other site improvements as shown on Exhibits "B" and "C" aforesaid, and all rights, privileges, roads, waters and appurtenances thereto belonging or appertaining. Each Villa Home is designated by number and unit type as shown on Exhibits "B" and "C".

2.02. Expansion of the Villa Homes Condominium. The Developer hereby reserves for itself, and without the consent of any other party, for a period of seven (7) years from the date hereof the right, but not the obligation, to amend and supplement this Master Deed to (i) expand the Villa Homes Condominium to include any and all portions of the Entire Tract and the improvements constructed or to be constructed thereon, including, without limitation, up to one forty-four (144) additional Villa Homes (for an aggregate total of two hundred nine (209) Villa Homes), roadways, parking facilities and other appurtenant site improvements, and (ii) proportionately modify, recalculate and reassign to each Villa Home within the Villa Homes Condominium the percentage of interest in the Common Elements, but does not herewith in any manner obligate itself to do so.

2.03. Recordation of the Master Deed. Developer shall, upon the recording of this Master Deed and any Amendment and Supplement hereto, be the owner of every Villa Home then incorporated within the Villa Homes Condominium and not conveyed to another Owner,

including its appurtenant percentage interest in the Common Elements, and, despite anything else in this Master Deed to the contrary, shall have the right to advertise, promote, develop, construct, sell and convey, lease, or otherwise dispose of each such Villa Home as it may deem appropriate in its sole discretion in accordance with the governing documents and all governmental approvals and requirements.

ARTICLE III

DESCRIPTION OF VILLA HOMES

3.01. Boundary. The dimensions, area and location of the Buildings and all of the aforesaid Villa Homes within the Villa Homes Condominium are as shown graphically on Exhibits "B" and "C". Villa Homes are intended to contain all space within the area bounded by the interior surfaces of its perimeter walls and its lowest subfloor and uppermost ceiling, as follows:

BOTTOM: The bottom is an imaginary horizontal plane through the lowest point of the uppermost surface of each portion of the lowest subfloor within the Villa Home, and extending in every direction to the point where it closes with a side of such Villa Home.

TOP: The top of each Villa Home is an imaginary horizontal plane along and coincident with the unfinished and unexposed upper surface of the gypsum board or other material from the uppermost ceiling of the Villa Home, and extending in every direction to the point where it closes with every side of such Villa Home.

SIDES: The sides of each Villa Home are imaginary vertical planes along and coincident with the innermost surfaces of the studding of the perimeter. Where no wall exists, the side is an imaginary vertical plane along and coincident with the exterior surface of the windows and doors located on the perimeter of such Villa Home. The sides of each such Villa Home are bounded by the bottom and top of the Villa Home.

3.02. Items Included in Villa Home. Each Villa Home, regardless of type, also includes all appliances; fixtures; doors, door frames and hardware; window frames, panes, hardware and systems; air conditioner compressor, if any; interior walls and partitions, interior stairways, gypsum board and/or other facing material on the walls and ceilings thereof, the inner decorated and/or finished surface of the floors (including all flooring tile, ceramic tile, finished flooring, carpeting and padding) and all other improvements located within the boundaries of such Villa Home as set forth in Section 3.01, or which are exclusively appurtenant to such Villa Home, although all or part of the improvements may not be located within boundaries of the Villa Home. Such appurtenant improvements include, but are not being limited to the following individual appurtenances to the extent that same serve an individual Villa Home only and not any other Villa Home or any portion of the Common Elements:

(a) That portion of the common heating, plumbing, ventilating and air conditioning system as extends from the interior surface of the walls, floors or ceilings into the Villa Home; and

(b) All electrical fixtures, switches, outlets and circuit breakers, which are accessible from the Villa Home, as well as all electrical wires which extend from walls, floors or ceilings and are connected to same; and

(c) All master antenna or cable television wiring which extends from the walls, floors, or ceilings into the Villa Home and which is not owned by the entity providing the master antenna or cable television service; and

(d) Any fireplace, chimney or flue, and including that portion within a wall or projecting above the roof of the Villa Home; and

(e) All utility meters not owned by the public utility supplying the service; and

(f) All equipment, appliances, machinery, mechanical or other systems, including but not limited to heating, ventilating, plumbing, and air conditioning systems, hot water heaters, electrical, plumbing and other systems (including, but not limited to, utility laterals) which serve the Villa Home exclusively whether or not same are located within or without the Villa Home; and

(g) All storage areas located within a Villa Home, if any, which provide exclusive storage for the Villa Home; and

(h) Any utility closet or room located within a Villa Home or appurtenant to a Villa Home which houses an HVAC system for that Villa Home.

3.03. Interior Partitions. Interior partitions or non-bearing walls within the confines of each Villa Home may, from time to time, be removed or replaced subject to the prior written approval of the Board of Directors. In the event an Owner does remove or replace any or all

such interior partitions or walls, no amendment of the Master Deed will be necessary or required. No Villa Home may be partitioned or subdivided without the prior written approval of any Eligible Mortgage Holder for such Villa Home and the Board of Directors. None of the foregoing approvals shall apply to Developer prior to the initial conveyance of any Villa Home(s) from Developer to another Owner.

ARTICLE IV

DESCRIPTION OF COMMON ELEMENTS

4.01. General Common Elements. All appurtenances and facilities and other items which are not part of the Villa Homes described in Article III or part of the Limited Common Elements described in Section 4.02 shall comprise the General Common Elements as graphically shown on Exhibits "B" and "C" aforesaid. The General Common Elements shall also include by way of description, but not by way of limitation:

(a) All land described in Exhibit "A" aforesaid, whether improved or unimproved, and such further portions of the Entire Tract as are incorporated into the Villa Homes Condominium by an Amendment and Supplement to this Master Deed; and

(b) All private streets, if any, curbs, walkways, exterior stairways and sidewalks, subject to the easements and provisions set forth in Article VIII hereof; and

(c) Any common parking areas located upon the lands described in Exhibit "A" and as shown on Exhibits "B" and/or "C", as those Exhibits may be amended and supplemented in the future, the use of which shall be subject to the Rules and Regulations of the Villa Homes Condominium Association; and

(d) All lawn or landscaped areas, shrubbery and plants; and

(e) Common utility conduits, water and sewer laterals located under the building slabs, and other utility lines, underground sprinkler system, if any, and waterways, subject to the easements and provisions set forth in Article VIII hereof; and

(f) Public connections and meters for gas, electricity, telephone and water not owned by the public utility or other agencies providing such services; and

(g) The roof, attic spaces, crawl spaces, foundations, footings, columns, girders, beams, supports, slabs (other than basement or garage floors), exterior or interior bearing or main party walls, and space between Villa Homes; and

(h) Common exterior lighting and other facilities necessary to the upkeep and safety of the Buildings and grounds; and

(i) Any common equipment, utility, maintenance or storage rooms or areas located within the Villa Homes Condominium; and

(j) Any easement or other right which may now or hereafter be granted for the benefit of the Owner(s) or others for access to or use of any General or Limited Common Elements not located within the Villa Homes Condominium or for any other purpose, including drainage; and

(k) All tangible personal property required exclusively for the operation, maintenance and administration of the Villa Homes Condominium which may be owned by the Villa Homes Condominium Association; and

(l) All other facilities or elements of any improvement within any Building or within the Villa Homes Condominium necessary or convenient to the existence, management,

operation, maintenance or safety of the Villa Homes Condominium or normally in common use;
and

(m) All exterior air space within the boundaries of the Villa Homes Condominium.

4.02. Limited Common Elements. The Limited Common Elements shall be as graphically shown on Exhibits "B" and "C" aforesaid, as those Exhibits may be amended and supplemented pursuant to Article XIV hereof, and shall include by way of description and not by way of limitation, all of the following:

(a) Any (a) exterior landing, hallway, walkway, stairway or driveway to which there is direct access from the interior of an appurtenant Villa Home(s), (b) walkway which leads to the door of a Villa Home from the driveway serving that Villa Home, and (c) driveway to which there is direct access from the garage of an appurtenant Villa Home(s) shall be a Limited Common Element and shall be for the exclusive use of Owner(s) of such Villa Home(s).

(b) Any balcony, terrace, patio, or deck to which there is direct access from the interior of an appurtenant Villa Home(s) shall be a Limited Common Element and shall be for the exclusive use of Owner(s) of such Villa Home(s).

(c) Any landscaped areas, shrubbery and plantings appurtenant to the Villa Home.

4.03. Repair and Maintenance of Limited Common Elements. The Owner(s) of a Villa Home(s) having use of any Limited Common Element shall be responsible for paying the cost and expenses of any maintenance, repairs or replacement of that Limited Common Element

necessitated by his or her own negligent act or omission, misuse or neglect, or the negligent act or omission, misuse or neglect of his or her family member, household pets, guests, occupant or visitor, regardless of whether authorized by the Owner(s). All snow clearing (other than with respect to driveways) from and routine cleaning of any Limited Common Element shall be the responsibility and financial obligation of the Owner(s) whose Villa Home(s) has exclusive use of such Limited Common Element and whose Villa Home(s) has such Limited Common Element as an appurtenance. Any other repairs, maintenance, or replacement of the Limited Common Elements, including, but not limited to, snow clearing from driveways, shall be the responsibility of the Villa Homes Condominium Association.

4.04. No Transfer of Rights to Use Limited Common Elements. Each Owner's right to use the Limited Common Elements appurtenant to his Villa Home or building may not be transferred apart from the conveyance of title to his Villa Home.

4.05. Villa Homes Condominium Association's Regulation of Use and Maintenance of Limited Common Elements. The Villa Homes Condominium Association shall have the right to promulgate, adopt, amend, publish and enforce such Rules and Regulations as it may deem appropriate and/or necessary to regulate an Owner's use, cleaning, snow clearing, maintenance and repair of the Limited Common Elements to assure aesthetic, architectural and visual harmony, and safety.

4.06. Reserved Common Elements. The Board of Directors shall have the power in its discretion to: (i) license from time to time certain General Common Elements as "Reserved Common Elements"; (ii) grant reserved rights therein to the Villa Homes Condominium Association and/or to any or less than all of the Owners; (iii) establish a reasonable charge to

such Owners for the use and maintenance thereof; and (iv) promulgate, adopt, amend, publish and enforce such Rules and Regulations as it may deem appropriate or necessary with respect to the Reserved Common Elements. Such license by the Board of Directors shall not be construed as a sale or disposition of the Common Elements.

ARTICLE V

ESTATE ACQUIRED AND MEMBERSHIP INTEREST

5.01. Estate Acquired. The Owner of each Villa Home shall have such an estate therein as may be acquired by grant, by purchase or by operation of law, including an estate in fee simple, and shall acquire as an appurtenance thereto an undivided percentage interest in the Common Elements of the Villa Homes Condominium, which shall not be divisible from the Villa Home to which it appertains.

5.02. Percentage Interest. Each Villa Home shall have the percentage interest as set forth in Exhibit "F" attached hereto and made a part hereof, as same may now or hereafter be amended as additional phases, buildings and units are incorporated into the Villa Homes Condominium. This percentage has been adjusted to permit it to be expressed as a finite number to avoid an interminable series of digits. In addition, the percentage interest applied to one of the Villa Homes may have been arbitrarily adjusted to a percentage necessary to apportion the entirety of the Common Elements. The percentage interest shall be used to allocate the division of proceeds received by the Villa Homes Condominium Association, if any, resulting from a casualty loss or any eminent domain proceedings which affect any portion of the Villa Homes Condominium, subject to the provisions of Articles XI and XII of this Master Deed.

The percentages shall remain fixed, except as described herein. Until the Villa Homes Condominium has been completely developed or the Developer has allowed its reserved right of development as set forth in Article XIV to expire, the percentage interest will be provisional only and subject to reduction upon incorporation of additional Villa Homes into the Villa Homes Condominium by recordation of one or more Amendments and Supplements to this Master Deed.

If and when an additional Villa Home is incorporated within the Villa Homes Condominium, a new percentage interest shall be established for each Villa Home within the Villa Homes Condominium as then constituted. When the Villa Homes Condominium has been fully developed or the Developer has allowed its reserved right of development to expire, the percentage interest appurtenant to each Villa Home shall remain fixed, except as provided in Article XII pertaining to reallocations following eminent domain proceedings.

5.03. Voting. Each Member in Good Standing shall be entitled to cast one (1) unweighted vote for each Villa Home to which he holds title in all elections of Directors and all other matters on which voting by Members is required. The Developer shall be entitled to cast all votes for Villa Homes owned by it, but the Developer shall not be permitted to cast any votes held by it for unsold or unbuilt Villa Homes for the purpose of electing Owner Directors, amending this Master Deed, the By-Laws or any other document, for the purpose of changing the permitted use of a Villa Home or for the purpose of reducing the Common Elements.

5.04. No Partition. Subject to the provisions of this Master Deed, the Certificate of Incorporation, the By-Laws and the New Jersey Condominium Act, the Common Elements shall remain undivided, and no Owner(s) shall bring any action for partition or division thereof. In

addition, the undivided percentage interest in the Common Elements shall not be separated from the Villa Home to which it appertains and shall be deemed conveyed or encumbered with the Villa Home even if such interest is not expressly mentioned or described in the deed of conveyance or other instrument.

5.05. Membership in the Villa Homes Condominium Association. Upon acceptance of a deed to a Villa Home, each Owner shall automatically become a member of the Villa Homes Condominium Association, and shall be a member for so long as he shall hold legal title to his Villa Home, subject to all provisions of this Master Deed, the Certificate of Incorporation, the By-Laws, the Rules and Regulations and the New Jersey Condominium Act. The Developer shall be a member of the Villa Homes Condominium Association with respect to all Villa Homes not conveyed to individual Owners and the Developer's designee shall be entitled to vote in general matters of the Villa Homes Condominium Association, as set forth in the By-Laws, for each of its Villa Homes based on the original projection of two hundred nine (209), the total Villa Homes contemplated to be incorporated into the Villa Homes Condominium and regardless of whether the construction of such Villa Homes has been commenced or completed. In the event that the ultimate number of Villa Homes within the Villa Homes Condominium is more or less than two hundred nine (209), the total number of votes shall be adjusted by the Board of Directors to reflect the actual number of Villa Homes completed within the Villa Homes Condominium.

5.06. Compliance by Owners. Each owner or occupant of a Villa Home shall comply with, and shall assume ownership or occupancy of the Villa Home, subject to all laws, rules and regulations of governmental authorities having jurisdiction over the Villa Homes Condominium,

the provisions of this Master Deed, the Certificate of Incorporation, By-Laws, Rules and Regulations, and any other documents, amendments or supplements to the foregoing. Failure to comply with any of the foregoing shall be grounds for commencement of an action for the recovery of damages, or for injunctive relief, or both, by the Developer, the Villa Homes Condominium Association, or any Owner, in any court or administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any of the aforesaid, and against any Owner to enforce any lien created by this Master Deed or any covenant contained herein. Failure by the Developer, the Villa Homes Condominium Association, or any Owner to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce same.

5.07. Common Expenses. All assessments for the General Common Expenses of each Villa Home in Section 1 of the Villa Homes Condominium shall be allocated in proportion to the percentage interests of each Villa Home as set forth in Exhibit "F." The General Common Expense Assessments for the completed Villa Homes Condominium shall be reallocated in accordance with the percentage interest as set forth in Exhibit "F-1."

5.08. Entitlement to the Use of Recreation Facility. All Members in Good Standing who are residents of the Villa Homes Condominium shall be allowed to utilize the Recreation Facility, as more particularly described in the Declaration for the Community.

ARTICLE VI
ASSESSMENTS

6.01. Covenant to Pay Assessments. Every Owner, by acceptance of a deed or other conveyance for a Villa Home, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Villa Homes Condominium Association all assessments contemplated in the Condominium Documents or the Community Association Documents.

6.02. Liability for Assessments. No Owner may waive or otherwise avoid liability for Common Expense Assessments by non-use of the Common Elements. Each Common Expense Assessment and all fines and other charges shall be a continuing lien upon the Villa Home against which they were made and shall also be the joint and several personal obligation of the Owner of such Villa Home at the time when the assessment, fine or other charge fell due, and of each subsequent record Owner of such Villa Home, except as otherwise contemplated by Article XIII of this Master Deed or N.J.S.A. 46:8B-21, together with such interest thereon and cost of collection thereof (including reasonable attorneys' fees). Liens for unpaid Common Expense Assessments, or fines or other charges (to the extent fines or charges may be imposed under applicable law) may be foreclosed by suit brought in the name of the Villa Homes Condominium Association in the same manner as a foreclosure of a mortgage on real property. Suit to recover a money judgment for unpaid Common Expense Assessments, or fines or other charges (to the extent fines or charges may be imposed under applicable law) may be maintained without waiving the lien securing same.

6.03. Annual Common Expense Assessments. It shall be an affirmative and perpetual obligation of the Board of Directors to fix Annual Common Expense Assessments in an amount at least sufficient to maintain the exterior of the Buildings and to maintain and operate the Common Elements, as contemplated by the Master Deed or By-Laws and as required by the Condominium Act. The amount of monies for Common Expenses of the Villa Homes Condominium Association deemed necessary by the Board of Directors and the manner of expenditure thereof shall be a matter for the sole discretion of the Board of Directors.

6.04. Notice of Annual Common Expense Assessments. The Board of Directors shall cause to be prepared annually, at least thirty (30) days in advance of the due date of the first Annual Common Expense Assessment installment, a list of the Villa Home and the Annual Common Expense Assessments applicable to each, according to the names of the Owners. This list shall be kept in the office of the Villa Homes Condominium Association and shall be open to inspection upon request by any Owner. Written notice of the Annual Common Expense Assessments shall be sent by mail or delivered to every Owner, as more particularly described in Article XIV of the By-Laws.

6.05. Use of Annual Common Expense Assessments. The Annual Common Expense Assessments levied by the Board of Directors shall be used exclusively for promoting the health, safety, pleasure and welfare of the members of the Villa Homes Condominium Association, including, but without limitation: street lighting, except to the extent required to be provided by the Community Association pursuant to the Declaration; refuse and/or recyclable collection, if not otherwise provided; snow clearing from parking areas and driveways; snow clearing from sidewalks and walkways which are not Limited Common Elements, landscaping of General

Common Elements, the maintenance and repair of the exterior and roofs of the Buildings, including, but not limited to, cleaning, staining and painting of the exterior surfaces and finishes; maintenance, repair and replacement of the Common Elements or any other improvements on the Property including, but not limited to, any detention basins, except to the extent that maintenance, repair and replacement of detention basins is required to be provided by the Community Association pursuant to the Declaration; maintenance and repair of all fences, except for any fences surrounding detention basins, to the extent that the Community Association is responsible for such maintenance, repair and replacement pursuant to the Declaration; payment of taxes and insurance premiums relating to the Common Elements; all costs and expenses incidental to the operation and administration of the Villa Homes Condominium Association and its Property; and such other items as may from time to time be deemed appropriate by the Board of Directors. Annual Common Expense Assessments shall not be used for new capital improvements subject to Section 6.11 of this Master Deed.

6.06. Allocation; Obligations of the Developer. The Annual Common Expense Assessment levied against each Villa Home shall be computed as follows: The General Common Expenses shall be allocated among all Villa Homes within the Villa Homes Condominium according to Section 5.07 herein. The Limited Common Expenses shall be allocated equally among those Villa Homes.

Until the conveyance of title to the first Villa Home, the Developer shall be solely responsible for all Common Expenses. Following the first conveyance, the Owners of Villa Homes to whom title shall have been conveyed shall be responsible for their proportionate share of all Common Expenses and the Developer shall be responsible for the payment of all Common

Expenses assessed against Villa Homes which have not been initially conveyed to an individual purchaser, but for which an initial Certificate of Occupancy has been issued.

6.07. Annual Common Expense Assessments Not Made. After the Developer turns over control of the Board of Directors to Owners, if an Annual Common Expense Assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment, and any installments of such annual assessments shall be due upon each installment payment date until a new Annual Common Expense Assessment is made.

6.08. Due Dates of Annual Common Expense Assessments. Annual Common Expense Assessments shall be made for a yearly period to be determined by the Board of Directors, and shall be payable in advance in monthly installments or in such other installments as may be established by the Board of Directors. Upon the conveyance of title to a Villa Home, the portion of the then current Annual Common Expense Assessment payable by the new Owner shall be an amount which bears the same relationship to the Annual Common Expense Assessment as the remaining number of months in the then current annual assessment period bears to twelve (subject to any prior assessments for which a new Owner may be liable pursuant to N.J.S.A. 46:8B-21). Such first annual assessment or portion thereof for which a new Owner is liable shall be immediately due upon the closing of title to the purchaser.

6.09. Emergency Common Expense Assessments. In the event the Annual Common Expense Assessment proves to be insufficient for an immediate need or emergency, the budget and assessment may be amended at any time by the Board of Directors, and the Board of Directors may impose an Emergency Common Expense Assessment. The determination of an immediate need or emergency shall be in the sole discretion of the Board of Directors. Notice of

any such amendment of the budget and assessment resulting from such immediate need or emergency and the levying of an Emergency Common Expense Assessment shall be in writing and sent by mail or delivered to every Owner, as more particularly described in Section 6.08 of the By-Laws. Such notice shall specify the due date(s) of any Emergency Common Expense Assessment or any installment(s) thereof. Within thirty (30) days of any Emergency Common Expense Assessment, the Board of Directors shall memorialize, by written resolution, the factual basis for and the fact of the Emergency Common Expense Assessment.

6.10. Special Common Expense Assessments. In addition to the other assessments herein authorized, in any assessment year, the Board of Directors may levy a Special Common Expense Assessment for the purpose of defraying in whole or in part the cost of any reconstruction, repair or replacement of an existing capital improvement to the Common Element, not determined by the Board of Directors to constitute an emergency or immediate need but for which funds held in reserve are inadequate, or for any other lawful purpose, other than the construction or acquisition of new capital improvements, which shall be subject to Section 6.11 hereof. If, during any assessment year, a Special Common Expense Assessment, together with all other Special Common Expense Assessments for the assessment year, would exceed in the aggregate more than 10% of the Annual Common Expense Assessment provided for in the last annual budget, it shall receive the assent of two-thirds (2/3) in interest of all votes eligible to be cast by all Members at a Villa Homes Condominium Association meeting duly called for this purpose. Written notice of such a meeting, stating the purpose of the meeting, shall be sent to all Owners no less than thirty (30) days in advance. The due date(s) of any

Special Common Expense Assessment, or any installment(s) thereof, shall be fixed in the resolution authorizing the Special Common Expense Assessment.

6.11. Capital Improvement Assessments. In addition to the other assessments herein authorized, the Board of Directors may levy, in any assessment year, a Capital Improvement Assessment for the purpose of acquiring real or personal property or constructing a new capital improvement; provided that the acquisition of real or personal property or construction of any new capital improvement, the cost of which exceeds more than 10% of the Annual Common Expense Assessment provided for in the last annual budget, shall have been authorized by the assent of two-thirds (2/3) in interest of the affected Members in Good Standing. This vote shall be taken at a meeting duly called for this purpose. Written notice of such a meeting, stating the purpose of the meeting, shall be sent to all Owners no less than thirty (30) days in advance. The due date(s) of any Capital Improvement Assessment, or any installment(s) thereof, shall be fixed in the resolution authorizing the Capital Improvement Assessment.

6.12. Exemption from Capital Improvement Assessments. Despite anything to the contrary herein, neither Developer nor any Permitted Mortgage Holder shall be required to pay any Capital Improvement Assessment or other assessment (or portion of any assessment) to be used to pay for new capital improvements. This provision may not be amended without the written consent of Developer and every Permitted Mortgage Holder.

6.13. Remedial Assessments. In addition to the other assessments herein authorized, the Board of Directors may levy a Remedial Assessment against any individual Villa Home(s) whenever required or permitted to do so by the provisions of this Master Deed, the By-Laws or the Rules and Regulations expressly authorizing such a Remedial Assessment, such as, but not

limited to, Articles VII and X of this Master Deed. The Board of Directors may also provide, by its Rules and Regulations, for ordinary maintenance and minor repairs and replacements to be furnished to Villa Homes by Villa Homes Condominium Association personnel or representatives and charged as a Remedial Assessment.

6.14. Additional Villa Homes Condominium Common Expense Assessment for Real Estate Taxes Assessed on a Bulk Basis. Despite anything contained in this Master Deed, the Certificate of Incorporation, the By-Laws or in any Mortgage requiring the establishment of an escrow for the payment of real estate taxes and until such time as the Township of Cinnaminson assesses and bills Villa Homes for real estate taxes on a per-Unit rather than a bulk basis, the Board of Directors shall be obligated and hereby is empowered to assess and collect from all Owners, as an additional Common Expense assessment separate and apart from all other Common Expense assessments, regular or special, authorized by this Master Deed, such amounts as may be necessary to pay or create a reserve for paying real estate taxes estimated or assessed by the Township of Cinnaminson relative to the Property on a bulk basis. Furthermore, despite anything contained in this Master Deed or the By-Laws with regard to assessment and collection of other regular or Special Common Expense assessments authorized or required by this Master Deed, additional Common Expense assessments and collections thereof for the purpose of paying real estate taxes estimated or assessed by the Township of Cinnaminson relative to the Property on a bulk basis may be assessed and collected in such a manner and with such frequency as the Board of Directors in its sole and absolute discretion, deems necessary to pay, in a timely fashion, such bulk real estate tax estimates or assessments. To the extent deemed appropriate by the Board of Directors in its sole and absolute discretion, additional Common

Expense assessments levied hereunder for the purpose of paying estimated or assessed real estate taxes estimated or assessed by the Township of Cinnaminson relative to the Property on a bulk basis may be collected in advance of the actual date upon which such estimated or assessed real estate taxes are due in order to create an escrow for the prompt payment of such taxes.

Each Owner's liability for additional Common Expense assessments authorized hereunder for the payment of bulk real estate taxes estimated or assessed by the Township of Cinnaminson relative to the Property shall be allocated equally based upon the number of Villa Homes then incorporated within the Villa Homes Condominium that are the subject of any such bulk estimate or assessment or in any such other allocated share as the Board of Directors deems appropriate in its sole and absolute discretion. In the event the Villa Homes within one or more sections of the Villa Homes Condominium are being assessed and billed individually for real estate taxes while Villa Homes in one or more other sections are being assessed and billed for real estate taxes on a bulk basis, any additional Common Expense assessment for such bulk assessment shall only be applicable to Villa Homes within the affected section.

6.15. Miscellaneous Assessments. Any and all fines, late charges, costs of collection (including reasonable attorneys' fees), interest on unpaid assessments, capital contributions, membership fees, escrow deposits or any other sums required to be paid to the Villa Homes Condominium Association by an Owner(s) by the provisions of this Master Deed, the By-Laws, the Certificate of Incorporation, the Rules and Regulations of the Villa Homes Condominium Association or any duly adopted Resolution of the Board of Directors, shall be deemed assessments which each Owner has covenanted and agreed to pay according to the provisions of Section 6.01 and for which each Owner is liable according to the provisions of Section 6.02, and

shall be collectible by the Villa Homes Condominium Association in the same manner as other assessments pursuant to the provisions hereof and N.J.S.A. 46:8B-21.

6.16. Certificate of Payment. The Villa Homes Condominium Association shall, upon written request to it, issue to any Owner or purchaser of a Villa Home prior to completion of a voluntary sale of same a certificate signed by an officer of the Villa Homes Condominium Association showing the amount of unpaid assessments levied against the Villa Home in question by the Villa Homes Condominium Association. Such certificate shall be issued within ten (10) business days of the Villa Homes Condominium Association's receipt of the written request. In addition, the holder of a Mortgage on a Villa Home or any other holder of a record lien encumbering a Villa Home may likewise request and receive such a certificate from the Villa Homes Condominium Association. Anyone entitled to request and receive such a Certificate, other than the Owner at the time of issuance of such certificate, and who relies upon the certificate shall be entitled to rely thereon and his liability for assessments levied by the Villa Homes Condominium Association up to the date of issuance of the certificate shall be limited to the amounts set forth therein in the event he acquires title to the Villa Home subsequent to the issuance of the certificate.

6.17. Interest in Common Surplus. Any common surplus of the Villa Homes Condominium Association resulting from the excess of income over expenses shall be allocated among the Members in the same manner as those expenses were assessed. Any common surplus of the Villa Homes Condominium Association resulting from the proceeds of any distribution of assets of the Villa Homes Condominium Association shall be allocated among the Members of the Villa Homes Condominium Association, including Developer, according to their percentage

interests, subject to an adjustment to reflect an appropriate credit for any initial contribution to working capital, if applicable, in accordance with generally accepted accounting principles.

6.18. Limitations on Developer. While the Developer maintains a majority on the Board of Directors, the Board of Directors shall make no additions, alterations, improvements or purchases which would necessitate a Special Common Expense Assessment or a substantial increase in the Annual Common Expense Assessment installments unless required by a governmental agency, title insurance company or Institutional Lender or in the event of an emergency.

ARTICLE VII

MAINTENANCE RESPONSIBILITIES

7.01. Responsibilities of Owners. Each Owner is responsible for performing all of the maintenance, repairs and replacements that may be required within the boundaries of his own Villa Home, at his own expense, and in accordance with the requirements of this Master Deed, the By-Laws and any Rules and Regulations of the Villa Homes Condominium Association. Each Owner is responsible for all of the improvements appurtenant to his Villa Home and located within the boundaries as defined in Section 3.01 hereof, including, by way of example, but not by way of limitation, those improvements described in Section 3.02 of this Master Deed.

In addition, each Owner shall be responsible for performing all of the maintenance, repairs and replacements that may be required for improvements appurtenant to his Villa Home, as such improvements are defined in Section 3.02, which are not located within the boundaries of his Villa Home as set forth in Section 3.01 when the following conditions are met:

- (i) the improvement is accessible without a breaking or intrusion into the Common Elements or any other Villa Home; and
- (ii) the part of the Villa Home is not functionally connected with a Common Element or a component of an integrated system which serves more than one Villa Home.

For example, parts of a Villa Home meeting these conditions include, but are not limited to, any air conditioning components located on concrete pads upon the Common Elements, if any.

Each Owner shall also be responsible for maintenance of the Limited Common Elements to the extent set forth in Sections 4.02 and 4.03 herein.

Each Owner is further responsible for reporting promptly to the Villa Homes Condominium Association any conditions requiring maintenance, repair or replacement for which the Villa Homes Condominium Association is responsible under this Master Deed.

7.02. Responsibilities of the Villa Homes Condominium Association. The Villa Homes Condominium Association shall furnish the maintenance, repairs and replacements that are required for the functioning of the Common Elements, including common air-conditioning, common plumbing, common heating, common mechanical, common electrical, or common water supply systems within a Building. The Villa Homes Condominium Association shall furnish all maintenance, repairs and replacements for the General Common Elements as defined in Section 4.01 hereof, including, but not limited to, the exterior of and roofs of Buildings, subject to the provisions of Section 7.05 of this Master Deed. The Villa Homes Condominium Association shall also furnish the (i) maintenance, repairs and replacements that are required for any improvement appurtenant to a Villa Home not located within the boundaries of the Villa

Home and not meeting the requirements of Section 7.01 herein, and (ii) maintenance of the Limited Common Elements to the extent set forth in Sections 4.02 and 4.03 herein, but the expenses incurred by the Villa Homes Condominium Association in doing so shall be levied against the Owner of that Villa Home as a Remedial Assessment.

7.03. Rights of the Villa Homes Condominium Association. The Villa Homes Condominium Association may effect emergency repairs to any Villa Home which the Owner of that Villa Home has failed to perform, but the expenses incurred by the Villa Homes Condominium Association in doing so shall be levied against the Owner of that Villa Home as a Remedial Common Expense Assessment. The Villa Homes Condominium Association may also effect non-emergency repairs within the boundaries of a Villa Home which the Owner has failed to perform and charge the reasonable expenses of the repair to the Owner as a Remedial Common Expense Assessment, but only if (i) any such failure to maintain by the Owner will have a material and adverse impact upon any other portion of the Villa Homes Condominium and (ii) the Owner(s) responsible for such maintenance, repair or replacement has failed to remedy the situation within thirty (30) days after the Villa Homes Condominium Association has given the Owner written notice of the need for such repairs or maintenance.

7.04. Damage Due to Negligence, Omission or Misuse. If, due to the negligent act or omission of or misuse by an Owner, or a member of his family or household pet, or a guest, occupant or visitor (whether authorized or unauthorized by the Owner), damage shall be caused to the Common Elements, or to a Villa Home(s) owned by others, 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 as a Remedial Common Expense Assessment and, in

addition, be liable for any damages, liability, costs and expense, including attorneys' fees, caused by or arising out of such circumstances as a Remedial Common Expense Assessment; and performance of such maintenance, repairs and replacements to the General or Limited Common Elements or the Villa Home(s) shall be subject to the By-Laws and the Rules and Regulations.

7.05. Responsibilities Delegated to Community Association. Despite anything in the foregoing to the contrary, the responsibility for maintenance, repair and replacement of (1) any common parking areas within the Villa Homes Condominium (but not including driveways) and (2) any storm water detention or retention basins and storm drainage systems is hereby irrevocably delegated to the Community Association, as more particularly set forth in Section 3.02 of the Declaration. The Community Association shall be solely responsible for the maintenance, repair and replacement (including, but not limited to, snow clearing) of all common parking areas (but excluding driveways) and the maintenance, repair and replacement of any storm water detention or retention basins and storm drainage facilities in the Community, despite the fact that all or a portion of these common parking areas and other improvements may be part of the Common Elements of the Villa Homes Condominium or another Subject Condominium. The expenses incurred by the Community Association will be assessed to all Owners in the Community as part of the Community common expense assessments pursuant to the Declaration.

ARTICLE VIII

EASEMENTS

8.01. Owner Easements. Every Owner, his successors and assigns, shall have the following easements with respect to the Property:

(a) A non-exclusive easement in, upon, over, under, across and through the Common Elements to keep, maintain, use, operate, repair and replace his Villa Home in its original position and in every subsequent position to which it changes by reason of the gradual forces of nature and the elements; and

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

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

(d) An exclusive easement to use and enjoy the surfaces of the main walls (including any skylights, windows, or doors, therein), ceilings, floors, stairway, patio or porch serving his Villa Home; and

(e) An easement in common with the owners of all other Villa Homes to use any and all pipes, wires, ducts, cables, conduits, public utility lines, television systems, master antenna facilities, water and sewer systems, or other General Common Elements located within any of the other Villa Homes or Common Elements and serving his Villa Home; and

(f) A non-exclusive easement in, over and through the General Common Elements to use the common parking areas, walks and other common facilities within the Villa Homes Condominium, subject to the right of the Board of Directors to:

(i) promulgate Rules and Regulations for the use and enjoyment thereof; and

(ii) suspend the enjoyment of any Owner for any period during which any assessment, fine or other charge remains unpaid, or for any period during which any infraction of its published Rules and Regulations continues, it being understood that any suspension for either non-payment of any assessment or a breach of the Rules and Regulations of the Villa Homes Condominium Association shall not constitute a waiver or discharge of the Owner's obligation to pay the assessment; and

(iii) designate portions of the General Common Elements as Reserved Common Elements pursuant to Section 4.06 of this Master Deed.

(g) A non-exclusive easement for pedestrian ingress and egress to and from the other Villa Home(s) over and through all common walkways and common parking areas located within the General Common Elements, which easement shall be for the benefit of all Owners and occupants in the Condominium or their invitees; and

(h) A non-exclusive easement for access to or use of the General Common Elements within the Villa Homes Condominium for any other purposes not prohibited by this Master Deed, the By-Laws or the Rules and Regulations, which easement is for the benefit of all Owners and occupants of Villa Homes in the Villa Homes Condominium and their invitees; and

(i) A non-exclusive easement for vehicular ingress and egress reasonably required to and from the Villa Homes over and through the common parking areas in the Villa Homes Condominium, which easement shall be for the benefit of all Owners and occupants of Villa Homes in the Villa Homes Condominium and their invitees.

8.02. Developer Easements. Developer, its successors and assigns, shall have the following easements with respect to the Property:

(a) A blanket and non-exclusive easement in, upon, through, under and across the Common Elements for the purpose of (i) construction, installation, maintenance and repair of any improvements to the Villa Homes or the Common Elements, (ii) ingress and egress over and the use of all driveways and parking areas, (iii) installation, maintenance and repair of all sales promotional, directional and identification signs deemed appropriate by Developer, all of which may be illuminated and located anywhere on the Common Elements at the sole cost and discretion of Developer, and (iv) the utilization of existing and future model Villa Homes for sales promotion and exhibition. Such easement shall exist until the expiration of one (1) year from the date the last Villa Home is sold and conveyed in the normal course of business, but in no event more than five (5) years from the date of recording of this Master Deed; however, the Developer's right to use existing future model Villa Homes for sales promotion and exhibition purposes will end upon conveyance of the last Villa Home in the normal course of business. In addition, Developer hereby reserves the irrevocable right to enter into, upon, over or under any Villa Home for such purposes as may be reasonably necessary for the Developer or its agents to service such Villa Home or any part of a Building provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not; and

(b) A perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements for surface water runoff and drainage resulting from

natural forces and elements, grading, and/or the improvements located upon the Entire Tract. No individual Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Entire Tract; and

(c) A blanket and non-exclusive easement in, upon, over, through, under and across the Common Elements to use all driveways and parking areas to perform any service or repair required pursuant to the Developer's warranty obligations until the expiration of the Developer's warranty obligations pursuant to law. In addition, the Developer reserves the irrevocable right to enter into, upon, over or under any Villa Home for such purposes as may be reasonable and necessary for the Developer or its agents to service any Villa Home or any part of a Building pursuant to such warranty obligation, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner; and

(d) A blanket and non-exclusive easement in, upon, over, under, through and across the Property for ingress and egress and for development, construction, installation, maintenance and repair of any improvements to any portion of the Entire Tract or sections of the Villa Homes Condominium, not incorporated within the Villa Homes Condominium. It is expressly understood that this easement is declared in connection with the Developer's reserved right herein to develop and/or incorporate within the Villa Homes Condominium such portions of all of the Entire Tract that are not incorporated as part of the Villa Homes Condominium upon the recordation of this Master Deed, but which Developer has reserved the right to develop and/or incorporate within the Villa Homes Condominium; and

(e) A perpetual, blanket and non-exclusive easement in, upon, over, under, through and across the Common Elements for ingress and egress to, and for the installation,

construction, use, maintenance, repair and replacement of pipes, wires, ducts, cables, conduits, public utility lines, television systems, master antenna facilities, water and sewer systems to serve all or any portion of the Community or any Subject Condominium. This easement shall also be for the benefit of the Developer, its successors and assigns.

8.03. Villa Homes Condominium Association Easements. The Property shall also be subject to the following easements for the benefit of the Villa Homes Condominium Association:

(a) The Villa Homes Condominium Association shall have a perpetual and non-exclusive easement over, under and on the Property for the maintenance, repair and replacement of any Common Elements, including those which may now or hereafter encroach upon a Villa Home; and

(b) The Villa Homes Condominium Association, through the Board of Directors or any manager or managing agent, or their respective agents or employees, shall have the perpetual and non-exclusive right of access to each Villa Home, if required (i) to inspect same, if there is reasonable cause to believe that there are violations of the provisions of the Condominium Documents, the Community Association Documents or applicable law, (ii) to remedy any violations of the provisions of the Condominium Documents, and (iii) to perform any operations required in connection with the maintenance, repairs or replacements of or to the Common Elements, or any equipment, facilities or fixtures affecting or serving other Villa Home(s) or the Common Elements; provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate, whether the Owner is present at the time or not.

8.04. Permitted Mortgage Holder Easements. Any Permitted Mortgage Holder, its officers, agents and employees, shall have a blanket, perpetual and non-exclusive easement to enter the Villa Homes Condominium or any part thereof to inspect the condition and repair of the Common Elements or any Villa Homes so encumbered by a first mortgage owned by it. 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 of Directors and the Owner.

8.05. Governmental Easements. The Property shall also be subject to the following easements:

(a) A blanket, perpetual and non-exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Common Elements to the Township of Cinnaminson, its respective officers, agents and employees (but not the public in general) and all police, fire, and ambulance personnel in the proper performance of their respective duties (including, but not limited to, emergency or other necessary repairs to a Villa Home which the Owner has failed to perform), and for repair and maintenance of the Common Elements. Except in the event of emergencies, the rights accompanying the easements provided for in this Section 8.05 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; and

(b) A perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements to the Township of Cinnaminson, its respective officers, agents, and employees (but not the general public) for surface water runoff and drainage caused by natural forces and elements, grading, and/or the improvements located upon the Entire

Tract. No individual Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Villa Homes Condominium.

8.06. Utility Easements. The Property is subject to a blanket, perpetual and non-exclusive easement of unobstructed ingress and egress from, access to and travel within, upon, over, under, across and through the Common Elements for the purpose of the installation, maintenance, repair, service and replacement of all sewer, water, power and telephone pipes, lines, mains, conduits, poles, transformers, meters, master television antennas, cable television systems and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility systems serving (i) the Villa Homes Condominium, (ii) any Subject Condominium, (iii) any Community Common Property and/or (iv) any portion of the Community, which easement shall be for the benefit of any governmental agency, utility company or other entity which requires same for the purpose of furnishing one or more of the foregoing services.

8.07. Community Association Easements. The Community Association shall have:

(a) A perpetual and non-exclusive easement in, upon, over, through and across the Common Elements for the maintenance, repair and replacement of the parking areas (but not driveways) and all storm water detention and drainage facilities located within the Villa Homes Condominium and which the Community Association is required to maintain pursuant to Section 3.02 of its Declaration; and

(b) A perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements to the Community Association, its officers, agents, and employees (but not the general public) for surface water runoff and drainage caused by

natural forces and elements, grading, and/or the improvements located upon the Entire Tract. No individual Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Entire Tract. In the event that any such easement right is exercised, the person or entity exercising such right shall be responsible for the repair of any damage arising directly or indirectly from its use or maintenance of the easement area.

8.08. Easements to Owners in Other Subject Condominium(s). Each Owner in any Subject Condominium that may now or hereafter be established in the Community, including his guests and invitees, shall have a blanket, perpetual and non-exclusive easement upon, over and across all common parking areas and sidewalks included in the Common Elements for access to his Villa Home and any Community recreational facility or Community Common Property that may now or hereafter be established.

8.09. Easements of Record. The Villa Homes Condominium shall further be subject to all easements of record including, by way of example, but not by way of limitation, any and all easements established in the Declaration.

8.10. Responsibility for Damages. In the event that any easement right set forth in this Article VIII is exercised, the person or entity exercising such right shall be responsible for the repair of any damage arising directly or indirectly from its use or maintenance of the easement area.

ARTICLE IX

BY-LAWS AND ADMINISTRATION

9.01. Administration of Common Elements. The administration, operation and maintenance of the Villa Homes Condominium, the Common Elements and all other common

facilities shall be by the Villa Homes Condominium Association subject to and in accordance with the provisions of the New Jersey Condominium Act and the Condominium Documents, and any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any Institutional Lender designated by Developer or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Villa Homes Condominium, or by any title insurance company selected by Developer to insure title to any Villa Home(s).

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

9.02. Developer's Power of Attorney. Developer hereby reserves for itself, its successors and assigns, for a period of five (5) years from the date the first Villa Home is conveyed to an individual purchaser, or until Developer conveys title to the last Villa Home, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, mortgagees, other lienholders or parties claiming a legal or equitable interest in the Villa Homes Condominium, any such agreements, documents, amendments or supplements to the above described documents which may be so required by any such Institutional Lender, governmental or quasi-governmental agency or title insurance company described in Section 9.01.

(a) Appointment. By acceptance of a deed to any Villa Home or by the acceptance of any other legal or equitable interest in the Villa Homes Condominium, each and every such contract purchaser, Owner, mortgagee, or other lienholder or party having a legal or equitable interest in the Villa Homes Condominium does automatically and irrevocably name,

constitute, appoint and confirm Developer, its successors and assigns, as attorney-in-fact for the purpose of executing such agreements, documents, amendments or supplements to this Master Deed and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) Limitations. No such agreement, document, amendment, supplement or other instrument which adversely affects the value or substantially alters the floor plan of any Villa Home, or changes the percentage of the undivided interest in the Common Elements, or substantially increases the nature of the financial obligations imposed upon an Owner or reserves any additional or special privileges for the Developer not previously reserved, shall be made without the prior written consent of the affected Owner(s) and all Mortgage Holders of any Permitted Mortgage(s) encumbering the affected Villa Home(s). Any such agreement, document, amendment or supplement which adversely affects the priority or validity of the lien of any mortgage which encumbers any Villa Home shall not be made without the prior written consent of the Mortgage Holder of such Permitted Mortgages.

(c) Duration. The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and shall run with the title to any and all Villa Homes and be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, this 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. The Developer reserves this power of attorney for itself, its successors and assigns, for seven (7) years from the date the first Villa Home is conveyed to an individual purchaser or until it conveys title to the last Villa Home held for sale

in the ordinary course of business, whichever occurs first. Thereafter, said powers of attorney shall automatically vest in the Villa Homes Condominium Association on a perpetual basis and may be exercised by its Board of Directors. 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 Villa Homes 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.

9.03. Developer Prohibited Voting. The Developer shall not be permitted to cast any votes held by it for unsold Villa Homes for the purpose of amending this Master Deed, the By-Laws or any other document for the purpose of changing the permitted use of a Villa Home or the purpose of reducing the Common Elements or common facilities or for the election of Owner Directors.

9.04. Villa Homes Condominium Association Power of Attorney. By acceptance of a deed to any Villa Home or by the acceptance of any other legal or equitable interest in the Villa Homes Condominium, each and every such contract purchaser, Owner, mortgagee or other lienholder or party having a legal or equitable interest in the Villa Homes Condominium does automatically and irrevocably name, constitute, appoint and confirm the Villa Homes Condominium Association as attorney-in-fact for the following purposes: (i) to acquire title to or lease any Villa Home whose owner desires to surrender, sell or lease same in the name of the Villa Homes Condominium Association or its designees, corporate or otherwise, and on behalf of all Owners, to convey, sell, lease, mortgage (but not to vote the votes appurtenant thereto) or

otherwise dispose of any such Villa Homes so acquired or to sublease any Villa Homes so leased by the Villa Homes Condominium Association; (ii) to prepare, execute and record any amendments to the Master Deed required by Article XIII hereof; (iii) to prepare, execute and record any amendments to the Master Deed made pursuant to Article XIV hereof; and (iv) to prepare, execute and record any amendments to the Master Deed pursuant to Article XV hereof.

The power of attorney aforesaid is 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 Villa Homes and be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, this 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.

ARTICLE X RESTRICTIONS

10.01. Covenants and Restrictions. The Villa Homes Condominium is subject to all covenants, restrictions and easements of record and to the following restrictions and covenants, all of which shall be perpetual in nature and run with the land:

(a) To the extent that equipment, facilities and fixtures within any Villa Home(s) shall be connected to similar equipment, facilities or fixtures affecting or serving the Common Elements or other Villa Home(s), then the use thereof by the individual Owners shall be subject to this Master Deed, the By-Laws and the Rules and Regulations of the Villa Homes Condominium Association.

(b) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably intended and suited and which are incident to the use and occupancy of the Villa Homes.

(c) No Owner shall have the right to mortgage or encumber his Villa Home, unless such mortgage or encumbrance is a Permitted Mortgage. No other mortgages or encumbrances shall be permitted without the prior written consent of the Board of Directors.

(d) All property taxes, special assessments and other charges imposed by any taxing authority are to be separately assessed against and collected on each Villa Home as a single parcel, as provided by the New Jersey Condominium Act. In the event that for any year such taxes are not separately taxed to each Villa Home, but are taxed on the Property as a whole, then each Owner shall pay his proportionate share thereof. In the event that for any year such taxes are not separately taxed to each Villa Home but are taxed on all or a portion of the lands and improvements incorporated within the Villa Homes Condominium as a whole, then each Owner owning a Villa Home subject to the bulk assessment shall pay an equal portion thereof together with all other affected Owners or, in the discretion of the Board of Directors, such other allocated share as may be deemed appropriate, all as more particularly described in Section 6.14 hereof.

(e) Each Owner shall pay for his own telephone, cable television service, gas, electric, water, sewer and other utilities that are separately metered or billed to him by the respective utility company. Utilities which are not separately metered or billed or which serve the Common Elements shall be treated as part of the Common Expenses.

(f) No maintenance or washing of any automobile or other vehicle shall be performed in any roadway or common parking area.

(g) No bicycles, baby carriages, wagons or similar non-motorized vehicles or toys, nor mopeds, motorcycles or similar motorized vehicles shall be parked or otherwise left unattended in any Common or Limited Common Element, except that a licensed motorcycle may be parked in any marked parking space.

(h) No Villa Home or Limited Common Element appurtenant to any Villa Home, except those Villa Homes utilized by the Developer as sales offices, administrative offices or models, shall be used for any purpose other than as a private residence. No business, trade or profession shall be conducted in any Villa Home, except for those incidental business uses, if any, as (i) do not require or result in any additional traffic and do not detract from the residential character of the Condominium, and (ii) are specifically authorized by the Board of Directors. Trash, garbage or other waste and recyclables from individual Villa Homes shall be kept in sanitary containers within the Villa Home until the date for collection by the applicable haulers.

(i) There shall be no obstruction of the Common Elements nor shall anything be stored in or upon the Common Elements without the prior consent of the Board of Directors.

(j) No portion of the Common Elements or other portion of the Property shall be used or maintained for the dumping of rubbish or debris.

(k) 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 or occupants, each Owner shall give the Secretary of the Villa Homes Condominium Association timely notice of his intent

to list his Villa Home for sale or lease, and upon closing of title or execution of the lease, as the case may be, shall forthwith notify such Secretary of the names and home addresses of the purchasers or lessees.

(l) No Owner or occupant shall build, plant, or maintain any matter or thing upon, in, over or under the General or Limited Common Elements without the prior written consent of the Board of Directors unless permitted by any Rules and Regulations promulgated by the Board of Directors.

(m) Each Owner shall be responsible for the maintenance and cleaning of the interior surfaces of all windows and skylights, and the front door and back door, if any, of his Villa Home, and any locks, hinges, or other hardware pertaining to them. Each Owner shall be solely responsible for any repair or replacement of any broken glass or damaged screens in any windows and skylights, and the front door and back door, if any, of his Villa Home.

(n) No noxious or offensive activities shall be carried on, in or upon the Common Elements or in any Villa Home nor shall anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other residents in the Villa Homes Condominium.

(o) No bird, reptile or animal of any kind shall be raised, bred, or kept in any Villa Home or anywhere else within the Villa Homes Condominium, except that dogs and cats, but in no event more than two (2) such pets per Villa Home shall be permitted, provided that (i) no dog or cat weighing 50 or more pounds shall be permitted, (ii) such dogs or cats are not kept, bred or maintained for any commercial purposes, (iii) such dogs or cats are housed within the Villa Home, and (iv) the Owner having such pet abides by all applicable Rules and Regulations.

No outside pen, animal house or shelter, or dog run shall be permitted. All residents and their guests, invitees, agents and others who allow or permit their pets in their charge to defecate upon any exterior portion of the Villa Homes Condominium including a designated pet walk area, if any, or upon any roadway within the Condominium, shall immediately thereafter remove from such exterior portion of the Villa Homes Condominium, or from such pet walk area or roadway, any and all excrement left by the pet and dispose of it as soon as possible in a sanitary fashion. All residents and their guests, invitees, agents and others shall accompany the pet in their charge at all times, shall keep the pet on a leash, and shall carry with them at such time any devices necessary to remove the pet excrement, which removal shall be done immediately.

(p) Nothing shall be done or kept in any Villa Home or in or upon the Common Elements which will increase the rates of insurance of any Building or the contents thereof beyond the rates applicable for the Villa Homes, without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept in his Villa Home or in or upon the Common Elements which will result in the cancellation of insurance on any Building or the contents thereof, or which will be in violation of any law.

(q) No exterior loudspeakers other than those contained in portable radios or television sets shall be permitted on the Property.

(r) No Owner or occupant shall burn, chop or cut anything on, over or above the Property.

(s) No immoral, improper, dangerous, offensive or unlawful activity shall be permitted within any Villa Home or upon the Property; and all laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereover shall be observed.

(t) No vehicle of a size larger than a panel truck, no vehicle bearing any commercial signs or lettering, and no mobile home, recreational vehicle, boat, boat trailer or the like shall be parked on any part of the Property without written consent of the Board of Directors, except those vehicles temporarily on the Property for the purpose of servicing the Property itself or one of the Villa Homes. All vehicles within any part of the Villa Homes Condominium must be properly registered, inspected, insured and operable at all times. Residents who own prohibited vehicles shall arrange to part or store them off the Property.

(u) No Owner shall cause or permit any clothes, sheets, blankets, or laundry of any kind, or plants or planters, or any other articles to be hung or displayed on the outside of windows or placed on the outside windowsills, walls, patios or balconies of any Building, parking areas or other Common Element; no sheets, blankets, or laundry of any kind shall be hung or displayed on the inside of windows; and no signs, awnings, grills, patio or balcony enclosure, fence, canopies, shutters, or radio or television antenna, aerial or satellite dish shall be erected or installed in or upon the Villa Homes Condominium or any part thereof without the prior consent of the Board of Directors, except for (i) identification and directional signs constructed by the Developer or successors in title or (ii) signs displayed by the Developer for sales, leasing or exhibit purposes while any Villa Homes remain unsold within the Villa Homes Condominium. No other Owner (other than Developer) shall have the right to install or build an exterior deck or patio appurtenant to his Villa Home without the prior approval of the Board or the Architectural Review Committee, if any, and all appropriate governmental authorities.

(v) No water bed shall be permitted in any Villa Home.

(w) No Owner shall place or store any item in any "attic" space or other space above the gypsum board or other material constituting the ceiling of his Villa Home. No Owner shall enter, or permit any other person to enter, such "attic" or other space, or the roof of any Building.

(x) All Villa Homes must be heated to the extent necessary to prevent damage from freezing temperatures during the months of October through April, inclusive, regardless of whether or not occupied. Any Owner failing to heat his Villa Home adequately shall be assessed for the costs of any damage caused to any portion of the Condominium due to his neglect, or if such damage is insured by the Villa Homes Condominium Association, for any deductible or other amount not received by the Villa Homes Condominium Association from the proceeds of the insurance.

10.02. Restrictions on Alterations. Nothing shall be done to any Villa Home or on or in the Common Elements which will impair the structural integrity of any Building or which will structurally change any Building. No Owner (other than the Developer) may make any additions, alterations or improvements in or to his Villa Home or in or to the Common Elements or impair any easement without the prior written approval of the Board of Directors, or the Architectural Review Committee established pursuant to the By-Laws, if any, nor without all required governmental permits and approvals. The Board of Directors or the Architectural Review Committee shall have the obligation to answer any written request received by it from an Owner for approval of a proposed addition, alteration or improvement to his Villa Home within sixty (60) calendar days after the receipt of such request, and failure to do so within the stipulated time shall constitute approval of the proposal. Any application to any municipal authority for a permit

to make an addition, alteration or improvement in or to any Villa Home must be reviewed by the Board of Directors or the Architectural Review Committee and may then be submitted by the Owner. Such approval shall not incur any liability on the part of the Villa Homes Condominium Association to any contractor, subcontractor, or materialman on account of such addition, alteration, or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The Owner(s) shall furnish the Board of Directors or the Architectural Review Committee with a copy of any such permit which he has procured. This Section shall not apply to Villa Homes owned by the Developer and held for sale in the ordinary course of Developer's business. Despite the foregoing, nothing herein shall be construed to prohibit the reasonable adaptation of any Villa Home for use by a physically challenged, disabled or handicapped resident in accordance with the provisions of the Fair Housing Amendments Act of 1988, as amended from time to time.

10.03. Restrictions on Leasing. No Villa Home shall be rented by the Owner thereof or utilized for transient or hotel purposes (which shall include any rental where the occupants of the Villa Home are provided customary hotel services, such as room service for food and beverages, maid service, the furnishing of a laundry and linen, etc.); provided, however, a Villa Home may be rented so long as such rental is (i) of the entire Villa Home, (ii) for a period of at least six (6) months, except rentals may be for less than six (6) months if either rented (1) by an Institutional Lender in possession of a Villa Home following a default in a first mortgage or a foreclosure proceeding or under any deed or other arrangement in lieu of foreclosure, or (2) to a person who is then under contract to purchase such Villa Home; and (iii) by the Developer pursuant to Section 14.02 or pursuant to leases which (1) are in writing; (2) are expressly subject to all

provisions of the Condominium Documents including without limitation, the right of amendment reserved to the Developer herein, provided that any failure of the lessee to fully comply with terms and conditions of such documents shall constitute a default under the lease; and (3) expressly assigns to the Villa Homes Condominium Association all rents due under the lease in the event of any delinquency in the payment of Common Expenses or other charges due and payable to the Villa Homes Condominium Association for more than thirty (30) days, including authorization for the tenant to pay such rents directly to the Villa Homes Condominium Association to the extent that such Common Expenses or other charges are due and payable to the Villa Homes Condominium Association with respect to the Villa Home. Moreover, no lease shall be permitted unless a true copy of same is furnished in advance to the Villa Homes Condominium Association, together with the current address and phone numbers of both the lessor and lessee. In addition, the Owner of the Villa Home shall not have the right to utilize the Common Elements, including the parking areas and the club room during any period that said Villa Home is rented. No Owner may lease less than an entire Villa Home.

Subject to the foregoing restrictions, the Owners shall have the right to lease their Villa Homes, provided that a lease is in writing and made subject to all provisions of this Master Deed, the By-Laws of the Villa Homes Condominium Association and other documents referred to herein, including the right of amendment reserved to Developer herein, and provided further that any failure of the lessee to fully comply with the terms and conditions of such documents shall constitute a material default under the lease and be grounds for termination and eviction.

In the event a tenant of a Villa Home fails to comply with the provisions of this Master Deed, the By-Laws or Rules and Regulations then, in addition to all other remedies which it may

have, the Villa Homes Condominium 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 such thirty (30) day period, then the Owner shall immediately thereafter, at his own cost and expense, institute and diligently prosecute an eviction action against his tenant on account of such violation(s). Such action shall not be compromised or settled without the prior written consent of the Villa Homes Condominium Association. In the event the Owner fails to fulfill the foregoing obligation, then the Board of Directors 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 Remedial Common Expense Assessment and to constitute a lien on the particular Villa Home involved, and collection thereof may be enforced by the Board of Directors in the same manner as the Board of Directors is entitled to enforce collection of Common Expenses. By acceptance of a deed to any Villa Home, each and every Owner does thereby automatically and irrevocably name, constitute, appoint and confirm the Board of Directors as his attorney-in-fact for the purposes described in this Section.

10.04. Fines. Without limiting the right of the Board of Directors to adopt and enforce Rules and Regulations generally as provided herein, the Board of Directors shall have the power to promulgate and adopt such Rules and Regulations as may be necessary to carry out the intent of these use restrictions and shall have the right to bring law suits to enforce such restrictions and the Rules and Regulations so promulgated, and take such other actions to enforce the same as may be permitted pursuant to this Master Deed, the By-Laws and applicable law. Without limiting the foregoing, to the extent New Jersey law may in the future permit, the Villa Homes

Condominium Association shall further have the right to levy fines for violations of such Rules and Regulations, as well as for any violations of this Master Deed or By-Laws of the Villa Homes Condominium Association, provided that the fine for a single violation may not, under any circumstances, exceed \$25.00. Each day that a violation continues after receipt of notice of same by the Owner may be considered as a separate violation. Any fine so levied shall be considered as a Common Expense assessment to be levied against the particular Owner involved, and collection may be enforced by the Board of Directors in the same manner as the Board of Directors is entitled to enforce collection of all other Common Expense assessments.

10.05. Conflicts. In the event of any conflict between the Rules and Regulations promulgated by the Board of Directors of the Villa Homes Condominium Association and either (a) any rules and regulations promulgated by the Board of Trustees of the Community Association, or (b) the restrictions set forth in this Master Deed, the rules and regulations of the Community Association and the restrictions set forth in the Master Deed shall control.

10.06. Enforcement by Community Association. In the event that the Board of Directors of the Villa Homes Condominium Association does not enforce any of the restrictions set forth in this Article X, and such failure has an adverse impact upon (i) unit owners in any other condominium in the Community, (ii) the use and enjoyment of the Community common property by members of the Community Association or (iii) the performance by the Community Association of its obligations under the Declaration; then the Board of Trustees of the Community Association shall have the right to enforce such restriction using any enforcement powers and rights provided under the Declaration and shall further have the right to exercise any

enforcement powers reserved to the Villa Homes Condominium Association under this Master Deed.

ARTICLE XI
INSURANCE

11.01. Insurance. The Board of Directors shall obtain and continue in effect blanket property insurance on the Common Elements in an amount equaling replacement value (exclusive of land, foundations or slabs, excavations and such other items as are usually excluded from such insurance coverage), and in form satisfactory to any Eligible Mortgage Holder holding first mortgages on a majority of the Villa Homes, but without prejudice to the right of the Owner of any Villa Home to obtain individual Villa Home insurance at his own cost. In addition, the Board of Directors shall obtain and continue such other amounts of insurance as may be required by the provisions of the By-Laws and in accordance with the provisions of N.J.S.A. 46:8B-14(d). Premiums for all such insurance coverage except for individual Villa Home coverage shall be a Common Expense to be included in the Annual Common Expense Assessment.

11.02. Disposition of Insurance Proceeds. If any Building, any improvement or Common Element or any part thereof is damaged or destroyed by fire or casualty, the repair, restoration or ultimate disposition of any insurance proceeds shall be in accordance with the provisions of this Article XI.

11.03. Insurance Proceeds Less Than or Equal to \$50,000. If the insurance proceeds derived from such loss amount to \$50,000.00 or less, then the Board of Directors shall contract with any licensed contractor or contractors to rebuild or repair such damage or destroyed portions of the Property in conformance with the original plans and specifications, or if

adherence to such original plans and specifications is impracticable in the discretion of the Board of Directors, then in conformance with revised plans and specifications provided such repairs or rebuilding shall be of a quality and kind substantially equivalent to the original construction. The Board of Directors shall accept bids only in specific amounts and shall not enter into any cost-plus or other sliding scale arrangement for compensation to the contractor.

11.04. Insurance Proceeds Greater than \$50,000. If the insurance proceeds derived from such loss exceed \$50,000.00, all such insurance proceeds shall be paid directly to an Insurance Trustee as may be designated by the Board of Directors, as trustee for all Permitted Mortgage Holders holding First Mortgages on any portion of the Property, and all Owners as their interests may then appear. Disbursement of such funds will be made only upon the signatures of a majority of the members of the Board of Directors in accordance with the following:

(a) Upon notification of the receipt of insurance proceeds by the Insurance Trustee or at such earlier date as may be determined by the Board of Directors, the Board of Directors shall enter into a contract for a specific dollar amount with a licensed contractor or contractors for the repair or rebuilding of all of the damaged or destroyed portions of the Property, as nearly as practicable to the original plans and specifications thereof and in accordance with all applicable building codes.

(b) The Board of Directors shall enter into said contract with a licensed contractor or contractors which contract shall have provisions for periodic disbursements of funds by the trustee. Disbursements to the contractor shall be made subject to the prior receipt of an architect's certificate and contractor's requisition containing such provisions as may be appropriate under the circumstances and deemed suitable by the Board of Directors.

(c) The Board of Directors shall employ a properly qualified party to supervise the repair and rebuilding to insure that such work, services and supplies are of proper quality and that construction is completed in a workmanlike manner and according to plans and specifications.

11.05. Responsibility of Owner. If the damage is only to those parts of a Villa Home for which the responsibility for maintenance and repair is that of the Owner, then that Owner shall be responsible for reconstruction and repair, but the proceeds of any insurance that may have been obtained by the Villa Homes Condominium Association and cover such damage, if any, shall be made available for such purpose. Subject to the provisions of this Master Deed, in all other instances the responsibility of reconstruction and repair after casualty shall be that of the Villa Homes Condominium Association.

11.06. Insurance Proceeds Insufficient. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair of the insured property, or if at any time during or upon completion of reconstruction and repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all Owners whose Villa Homes were damaged or destroyed, in sufficient amounts to provide funds for the payment of such costs. Despite anything to the contrary in this Master Deed or By-Laws, such assessments shall be in proportion to the Owner's percentage interest in the Common Elements. The foregoing provisions of this Section 11.06 are applicable to the repairs and reconstruction to be undertaken by the Villa Homes Condominium Association and do not cover damages to those portions of the Villa Home for which the responsibility of maintenance and repair and the costs thereof is that of the Owner; provided that any portion of the insurance proceeds representing reimbursement for

damage for which the responsibility of reconstruction and repair lies with an individual Owner, if any, shall be paid to said Owner and utilized to repair the damage covered, or if there is a mortgage endorsement as to such Villa Home, then to the Owner and mortgagee, jointly for such repairs.

11.07. Excess Insurance Proceeds. If the amount of available insurance proceeds should exceed the cost of any such reconstruction or repair, the excess shall be retained by the Villa Homes Condominium Association and applied by it to reduce the Annual Common Expense Assessments of all Owners.

11.08. Assignment to Permitted Mortgage Holder. In the event the Villa Homes Condominium Association determines not to repair or restore the damaged property in accordance with N.J.S.A. 46:8B-24, any insurance proceeds payable to an Owner as a result of damage or destruction to his Villa Home and/or interest in the Common Elements are hereby assigned and shall be paid to any appropriate Permitted Mortgage Holder(s) as their interests may appear, for application to the appropriate mortgage indebtedness and the excess, if any, shall be paid to the appropriate Owners, all in accordance with N.J.S.A. 46:8B-24.

ARTICLE XII

EMINENT DOMAIN

12.01. General. This Article shall be deemed to be supplemental to and not in derogation of the provisions of N.J.S.A. 46:8B-25.

12.02. Notice and Participation of Owners. If any building, improvement or Common Element or any part thereof shall be taken, injured or destroyed by eminent domain, each Owner

affected shall be entitled to notice of such taking and to participate through the Villa Homes Condominium Association in the proceedings incident thereto.

12.03. Allocation of Awards. Any awards made in connection with such proceedings shall be collected by the Villa Homes Condominium Association and applied or distributed by it in accordance with the following and Section 5.02 hereof, unless the award or decree provides to the contrary:

(a) Villa Homes Rendered Uninhabitable. Upon acquisition by the condemning authority which renders a Villa Home uninhabitable, each affected Villa Home's entire percentage interest and its corresponding liability for payment of Common Expenses shall be automatically reallocated to the remaining Villa Home on the same basis as their respective percentage interests and liability for payment of Common Expenses, respectively, were initially established. The Villa Homes Condominium Association shall promptly prepare, execute, and record an amendment to the Master Deed reflecting the reallocations. Any remnant of a Villa Home which has been rendered uninhabitable remaining after a part of a Villa Home is taken under this subsection shall thereafter be a Common Element.

(b) Villa Homes Remaining Habitable. Upon acquisition by the condemning authority of a portion of a Villa Home which leaves the remainder of the Villa Home habitable, the percentage interest of each affected Villa Home and its corresponding liability for payment of Common Expenses shall remain unchanged despite the partial taking.

(c) If a part of the Common Elements is acquired by eminent domain, the award must be paid to the Villa Homes Condominium Association, and unless the decree provides otherwise, the Villa Homes Condominium Association shall divide any portion of the

award not used for any restoration or repair of the remaining Common Elements among the Owners affected in proportion to their respective damage suffered and their respective percentage interest in the Common Elements before the taking on an equitable basis.

(d) If all of the Common Elements are acquired by eminent domain, the award must be paid to the Villa Homes Condominium Association and unless the decree provides otherwise, the Villa Homes Condominium Association shall divide the award among all Owners in accordance with their respective percentage interests in the Common Elements.

(e) Despite the foregoing, if a portion of an award is attributable to the acquisition by the condemning authority of any Limited Common Elements, unless the award provides otherwise, such portion must be equitably distributed among the Owners of Villa Homes to which the applicable Limited Common Elements were allocated at the time of acquisition based upon the relative proportionate percentage interest of the affected Owners.

ARTICLE XIII

PROTECTIVE PROVISIONS FOR THE BENEFIT OF ELIGIBLE OR PERMITTED MORTGAGE HOLDERS

13.01. Notice to Eligible Mortgage Holders. The Villa Homes Condominium Association shall be deemed to have fulfilled its obligations and an Eligible Mortgage Holder shall be deemed to have been given any required notice hereunder if it is served via United States Postal Service by certified mail, with return receipt requested and sufficient prepaid post affixed thereto, directed to the Eligible Mortgage Holder at the last address given by it to the Villa Homes Condominium Association in the manner provided herein.

13.02. Prior Written Approval of 51% of Eligible Mortgage Holders. The prior written approval of at least fifty-one (51%) percent of the Eligible Mortgage Holders is required for any

material amendment to this Master Deed, the By-Laws or the Certificate of Incorporation 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 Common Elements;
- (c) responsibility for maintenance and repairs;
- (d) reallocation of interests in the General or Limited Common Elements or rights to their use (except as expressly contemplated by Articles II, XII and XIV of this Master Deed);

- (e) boundaries of any Villa Home;
- (f) convertibility of Villa Homes into Common Elements or vice versa (except as expressly contemplated by Articles II, XII and XIV of this Master Deed);

- (g) expansion or contraction of the Villa Homes Condominium, or the addition, annexation or withdrawal of land to or from the Villa Homes Condominium (except as expressly contemplated by Articles II, XII and XIV of this Master Deed);

- (h) insurance or fidelity bonds;
- (i) leasing of Villa Homes;
- (j) imposition of any restrictions upon an Owner's right to sell or transfer his or her Villa Home;

- (k) a decision by the Villa Homes Condominium Association to establish self-management rather than professional management;

- (l) restoration or repair of the Villa Homes Condominium (after damage, destruction or condemnation) in a manner other than that specified in this Master Deed;

(m) any action to terminate the legal status of the Villa Homes Condominium as a Villa Homes Condominium after substantial damage or condemnation occurs; or

(n) any provisions that expressly benefit Eligible Mortgage Holders; or

(o) assessment, allocations, assessment liens or subordination of assessment liens.

13.03. Prior Written Approval of 67% of Eligible Mortgage Holders. The prior written approval of at least sixty-seven (67%) percent of the Eligible Mortgage Holders is required before the effectuation of any decision by the Owners to terminate the legal status of the Villa Homes Condominium as a Villa Homes Condominium for reasons other than substantial destruction or condemnation of the Property.

13.04. Implied Approval of Eligible Mortgage Holders Assumed. Despite the requirements of prior written approval of Eligible Mortgage Holders provided in Sections 13.02 and 13.03 of this Master Deed, provided that the Villa Homes Condominium Association serves notice on Eligible Mortgage Holders of those matters which are the subject of Sections 13.02 and 13.03 of this Master Deed in the manner provided in Section 13.01 of this Master Deed, the Villa Homes Condominium Association may assume implied approval of any Eligible Mortgage Holder failing to submit a written response to any notice given within thirty (30) calendar days after it receives such notice as provided herein and provided that the notice was delivered by certified mail as indicated by a signed return receipt.

13.05. Notice of Non-Material Amendment. Any Eligible Mortgage Holder shall be entitled to receive thirty (30) days advance notice from the Villa Homes Condominium Association of any proposed non-material amendment to the Master Deed, the By-Laws or the

Certificate of Incorporation permitted by same, which notice shall include a copy of the proposed change. Any Eligible Mortgage Holder will be deemed to have implicitly approved such change as proposed unless it states in a written response to the Villa Homes Condominium Association its objections or comments relative to such proposed change. However, no approval by Eligible Mortgage Holders of any such nonmaterial amendment will be required.

13.06. Notice. Any Eligible Mortgage Holder will be entitled to timely written notice of:

(a) any condemnation or casualty loss that affects either a material portion of the Villa Homes Condominium or the Villa Home securing the Eligible Mortgage Holder's mortgage; and no Owner or other party shall have priority over such Eligible Mortgage Holder with respect to the distribution to such Villa Home(s) of the proceeds of any condemnation award or settlement in the event of condemnation or with respect to the distribution to such Villa Home(s) of any insurance proceeds in the event of casualty loss; and

(b) any sixty (60) day delinquency in the payment of Common Expense assessment installments or other assessments or charges owed to the Villa Homes Condominium Association by the owner of any Villa Home on which the Eligible Mortgage Holder holds a mortgage; and

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

(d) any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

The Eligible Mortgage Holder for any Villa Home must send a written request to the Villa Homes Condominium Association stating both its name and address and the address of the

Villa Home on which it holds the mortgage to be entitled to receive the information discussed in subparagraphs (a) through (d) of this Section 13.06.

13.07. No Partition. No Villa Home may be partitioned or subdivided without the prior written approval of any Eligible Mortgage Holder for such Villa Home and all applicable governmental authorities.

13.08. Common Expense Lien Subordinate. Except to the extent permitted by N.J.S.A. 46:8B-21 or any other applicable law authorizing the establishment of a limited lien priority for the payment of Common Expense Assessments, any lien the Villa Homes Condominium Association may have on any Villa Home for the payment of Common Expense Assessments attributable to such Villa Home is subordinate to the lien or equivalent security interest of any first mortgage on the Villa Home held by a Permitted Mortgage Holder and recorded prior to the date any such Common Expense assessment became due.

13.09. Inspection of Records. Any Eligible Mortgage Holder shall upon prior written request, (a) be permitted to inspect the books and records of the Villa Homes Condominium Association during normal business hours and (b) receive an annual audited financial statement of the Villa Homes Condominium Association within ninety (90) days following the end of any fiscal year of the Villa Homes Condominium Association. The Villa Homes Condominium Association shall maintain current copies of the Condominium Documents, and any respective amendments thereto, as well as its own books, records and financial statements. These documents shall be available for inspection by Owners and Eligible Mortgage Holders.

13.10. Notice of Meetings. Any Eligible Mortgage Holder shall receive written notice of all meetings of the Villa Homes Condominium Association and be permitted to designate a representative to attend all such meetings, without vote.

13.11. Liability for Common Expense Assessments. Any Permitted Mortgage Holder that obtains title to a Villa Home as a result of foreclosure of a First Mortgage, or by deed or assignment in lieu of foreclosure of a First Mortgage, or any purchaser in a foreclosure sale of a First Mortgage, or their respective successors and assigns, is not liable for the share of Common Expenses or other assessments by the Villa Homes Condominium Association pertaining to such Villa Home or chargeable to the former Owner which became due prior to acquisition of title. Such unpaid share of Common Expenses and other assessments shall be deemed to be Common Expenses collectible from all Owners including such acquirer, his successors and assigns.

13.12. Management Agreements. Any management agreement for the Villa Homes Condominium will be terminable by the Villa Homes Condominium Association with or without cause upon sixty (60) days prior written notice thereof, and the term of any such agreement shall not exceed one (1) year.

13.13. Common Expense Default. Despite the absence of any express provision to such effect in the mortgage instrument, in the event that there is any default in the payment of any installment of any Annual Common Expense Assessment or other assessment with respect to any Villa Home, either regular or special, any Permitted Mortgage Holder holding a mortgage which encumbers such Villa Home shall be entitled to declare such mortgage in default in the same manner that is permitted by such mortgage with respect to any default in the payment of real estate taxes.

ARTICLE XIV

DEVELOPER'S RIGHTS AND OBLIGATIONS

14.01. Ratification, Confirmation and Approval of Agreements. The fact that some or all of the Officers, Directors, Members or employees of the Villa Homes Condominium Association and the Developer may be identical, and the fact that the Developer or its nominees, have heretofore or may hereafter enter into agreements with the Villa Homes Condominium Association or with third parties, will not invalidate any such agreements and the Villa Homes Condominium Association and its Members, from time to time, will be obligated to abide by and comply with the terms and conditions thereof. The purchase of a Villa Home, and the acceptance of the Deed therefor by any party, shall constitute the ratification, confirmation and approval by such purchaser, his heirs, legal representatives, successors and assigns, of the propriety and legality of said agreements or said agreement, or any other agreements authorized and permitted by the New Jersey Condominium Act, this Master Deed, the Certificate of Incorporation or the By-Laws.

14.02. Rights Reserved to Developer. Despite anything to the contrary herein or in the Certificate of Incorporation or By-Laws of the Villa Homes Condominium Association, Developer hereby reserves for itself, its successors and assigns, for so long as it owns one or more Villa Homes in the Villa Homes Condominium, the right to sell, lease, mortgage or sublease any unsold Villa Homes within the Villa Homes Condominium. Further, and despite the provisions of Section 9.03 hereof, for so long as a Contract for Sale has not been executed for any unsold Villa Home, the Developer reserves the right to change the size, layout, design,

number and percentage interest of any such Villa Home provided that all necessary governmental permits and approvals have been obtained, if any.

14.03. Right to Incorporate Additional Sections, Buildings and Villa Homes Into Villa Homes Condominium. Despite anything contained in this Master Deed, and subject to all required governmental approvals, if any, the Developer, on behalf of itself, its successors and assigns, hereby reserves the right, in its sole discretion, at any time within seven (7) years of the date of the recording of this Master Deed, to amend and supplement this Master Deed without the consent of the Board of Directors, the Villa Homes Condominium Association, any Owner, any Permitted Mortgagee, or any other party holding a legal or equitable interest in the Villa Homes Condominium to incorporate within the Villa Homes Condominium some or all of the Entire Tract and to incorporate additional sections, phases, Buildings, Villa Homes and site improvements and thereby subject same to the New Jersey Condominium Act and the terms and provisions of this Master Deed. Such incorporation may result in the Villa Homes Condominium consisting of up to two hundred nine (209) Villa Homes. The actual development of the Villa Homes Condominium will be subject to regulation by those governmental authorities having jurisdiction of same; however, the Developer reserves the right to modify and/or amend the development plan from time to time, subject to all required governmental approvals and permits, if any. Such right includes changing the aggregate number of Villa Homes contemplated for the Villa Homes Condominium or of any section thereof, as well as the configuration, design, floor plans, mix, materials, model type, square footage or percentage interest of any unsold Villa Home or any Common Elements which have not been legally assigned to a specific Villa Home which has been sold to an individual purchaser by the

Developer. Any Amendment and Supplement to this Master Deed shall not be operative until duly recorded in the Burlington County Clerk's Office. The Amendment and Supplement shall also be registered with the New Jersey Department of Community Affairs, pursuant to N.J.S.A. 45:22A-21 et seq. and the regulations promulgated thereunder.

Despite the foregoing, the Developer shall be under no obligation to incorporate any specific number of Villa Homes into the Villa Homes Condominium. The Developer's reserved right to incorporate additional Villa Homes as part of the Villa Homes Condominium shall be exercised by the Developer by the recordation in the Burlington County Clerk's Office of an appropriate Amendment and Supplement to this Master Deed expressly incorporating the additional Villa Homes into the Villa Homes Condominium. Any such Amendment and Supplement shall include such amendatory, supplemental or replacement exhibits as are necessary to legally and graphically identify the additional Villa Homes. When recorded, any such Amendment and Supplement shall be fully binding upon all contract purchasers, Owners, holders of mortgages encumbering Villa Homes and any other lienholder or party having a legal or equitable interest in the Villa Homes Condominium.

By acceptance of a Deed to any Villa Home or by the acceptance of any other legal or equitable interest in the Villa Homes Condominium, each and every such contract purchaser, Owner, mortgagee or other lienholder or party having a legal or equitable interest in the Villa Homes Condominium automatically and irrevocably names, constitutes, appoints and confirms the Developer, its successors and assigns, as Attorney-in-Fact for the purpose of executing such Amendment and Supplement to this Master Deed and any other instrument(s) necessary to effect the foregoing rights reserved to the Developer.

This power of attorney is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and shall run with the title to any and all Villa Homes and be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, such power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all rights, title, interest and obligations of the principal in and with respect to such power.

14.04. Transfer of Special Developer's Rights. No special right created or reserved to the Developer under this Master Deed ("Special Developer Rights") may be transferred except by an instrument evidencing the transfer recorded in the Office of the Clerk of Burlington County, New Jersey. The instrument shall not be effective unless executed by the transferee.

14.05. Liability of Transferor. Upon transfer of any such Special Developer Right, the liability of the transferor is as follows:

(a) 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.

(b) If a transferor retains any such Special Developer Right, or if a successor to any such Special Developer Right is an Affiliate of the Developer, the transferor is subject to liability for all obligations and liabilities imposed on a Developer or by the Master Deed, arising after the transfer, and is jointly and severally liable with the successor for the liabilities and obligations of the successor which relate to the Villa Homes Condominium.

(c) A transferor who retains no such Special Developer 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 Developer Right by a successor Developer who is not an affiliate of the transferor.

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

14.07. Foreclosure: Bankruptcy: Receivership. Upon foreclosure, sale by a trustee under a deed of trust, or sale under any bankruptcy or receivership proceedings, of all Villa Homes in the Villa Homes Condominium owned by Developer;

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

14.08. Liability of Successors. The liabilities and obligations of persons who succeed to all Special Developer Rights are as follows:

- (a) A successor to all such Special Developer Rights who is an Affiliate of the Developer is subject to all obligations and liabilities imposed on any Developer by law or by the Master Deed.

(b) A successor to all such Special Developer Rights, other than a successor described in Section 14.08(c) or (d) hereof who is not an Affiliate of Developer, is subject to all obligations and liabilities imposed upon Developer by law or the Master Deed, but he is not subject to liability for misrepresentations or warranty obligations on improvements made by any previous Developer or made before the Villa Homes Condominium was created, or for a breach of fiduciary obligation by any previous Developer.

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

(d) A successor to all Special Developer Rights who is not an Affiliate of Developer and who succeeded to those rights pursuant to a deed in lieu of foreclosure or a judgment or instrument conveying title to Villa Homes under Section 14.06 aforesaid, may declare his intention in a recorded instrument to hold those rights solely for transfer to another party. Thereafter, until transferring all such Special Developer Rights to any person acquiring title to any Villa Home owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than right to control the Board of Directors for the duration of any period of Developer control, and any attempted exercise of those rights is void. So long as a successor Developer may not exercise special rights under this section, he is not subject to any liability or obligation as a Developer other than liability for the successor's acts and omissions under the Master Deed.

14.09. Limitation. Nothing in this Article XIV subjects any successor to a Special Developer Right to any claims against or other obligations of a transferor other than claims and obligations arising under the Master Deed.

ARTICLE XV

GENERAL PROVISIONS

15.01. Duration. The provisions of this Master Deed shall be perpetual in duration, shall run with and bind all of the land included in the Villa Homes Condominium and shall inure to the benefit of and be enforceable by the Villa Homes Condominium Association and the Owners, their respective successors, assigns, heirs, executors, administrators, and personal representatives, except that the covenants and restrictions set forth in Article X shall have an initial term of forty (40) years from the date this Master Deed is recorded in the office of the Burlington County Clerk. At the end of such period such covenants and restrictions shall automatically be extended for successive periods of ten (10) years each, unless at least two-thirds (2/3) of the Owners at the time of expiration of the initial period, or of any extension period, shall sign an instrument, or instruments (which may be in counterparts), in which they shall agree to change said covenants and restrictions in whole or in part. No such agreement shall become binding unless written notice containing the terms of the proposed agreement is sent to every Owner at least ninety (90) days in advance of the action taken in authorizing said agreement; and, in any event, any changes concerning any such agreement shall become effective and binding upon the recording of the aforesaid fully executed instrument or instruments containing such agreement. Further, in no event may the Common Elements be conveyed to any third person, firm or corporation, without the express consent, by ordinance, of

the governing body of the Township of Cinnaminson (or such municipal corporation or other governmental entity as may then have zoning and subdivision jurisdiction over the Property).

15.02. Termination. Despite anything to the contrary herein, an amendment, deed of revocation, or other document shall be effective to terminate the Villa Homes Condominium form of ownership upon the written approval of eighty (80%) percent in interest of all non-Developer Owners, and the written approval of the Developer for so long as it holds one (1) Villa Home for sale in the ordinary course of its business.

15.03. Amendment of Master Deed. In addition to the rights of amendment reserved to the Developer in Sections 9.02 and 14.03, this Master Deed may be amended at any time after the date thereof by a vote of at least sixty-seven (67%) percent in interest of all Owners, at any meeting of the Villa Homes Condominium Association duly held in accordance with the provisions of the By-Laws provided; however, that any amendment so requiring it under the provisions of Article XIII, shall also have the prior written approval of fifty-one (51%) percent of the Eligible Mortgage Holders. The Developer shall not be permitted to cast any votes held by them for unsold Villa Homes to amend the Master Deed, By-Laws or any other document for the purpose of changing the permitted use of a Villa Home or for the purpose of reducing the Common Elements or common facilities or for the election of Owner Directors. No amendment shall be effective until recorded in the Office of the Clerk of Burlington County, New Jersey. This paragraph is by way of supplement to and not in derogation of the powers of amendment reserved to Developer pursuant to Articles IX and XIV hereof. In the alternative, an amendment may be made by an agreement, signed and acknowledged by sixty-seven (67%) percent in interest of the Owners and the required percentage of Eligible Mortgage Holders, if any, in the

manner required for the execution of a deed, and such amendment shall be effective when recorded in the Office of the Clerk of Burlington County, New Jersey.

15.04. Enforcement. Enforcement of this Master Deed shall be by any appropriate proceeding in law or equity in any court or administrative tribunal having jurisdiction against any person or persons, firm or corporation violating or attempting to violate any covenant herein contained; either to restrain or enjoin such violation or threatened violation, or to recover damages; and against any Owner to enforce any lien created by this Master Deed in any covenant herein contained. Failure by the Villa Homes Condominium Association or any Member thereof to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce same.

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

15.06. Validity. The invalidity of any provision of this Master Deed, the Certificate of Incorporation, or By-Laws of the Villa Homes Condominium Association shall not be deemed to impair or affect in any manner the validity or enforceability or affect the remainder of this Master Deed or said By-Laws and in such event all of the other provisions of this Master Deed and said By-Laws shall continue in full force as if such invalid provisions had never been included.

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

15.08. Notice to Owners and Members. Unless a particular document permits or requires a particular notice to be given or served in a different manner, any notice permitted or required to be given to or served upon any Owner or Member under the provisions of the Condominium Documents shall be deemed to have been properly given or served when same is mailed via the United States Postal Service, with sufficient prepaid first class postage affixed thereto, addressed to the Owner or Member at his last known mailing address as reflected on the records of the Villa Homes Condominium Association at the time of such mailing. Notice to one or two or more co-owners of a Villa Home shall constitute notice to all co-owners thereof. It shall be the obligation of every Owner and Member to immediately notify the Villa Homes Condominium Association in writing of any change of address for purposes of notices to which it is entitled pursuant to the Condominium Documents. Such notification of a change of address to the Villa Homes Condominium Association shall be given to the Villa Homes Condominium

Association in writing in the manner provided for notices to the Villa Homes Condominium in Section 15.10 of this Master Deed.

Valid notices may also be given to Owners and Members by: (i) personal delivery to any occupant of the Villa Home of the Owner or Member more than fourteen (14) years of age, or (ii) affixing said notice or sliding same under the front entrance door of the Villa Home.

15.09. Notice to Community Association. Unless a particular document permits or requires a particular notice to be given or served in a different manner, any notice permitted or required to be given or served upon the Community Association pursuant to the Condominium Documents or otherwise shall be deemed to have been properly given or served when same is mailed via the United States Postal Service by certified mail, with return receipt requested and sufficient prepaid postage affixed thereto, addressed to the corporate Registered Agent of the Community Association as reflected in the records of the office of the New Jersey Secretary of State as of the date such notice is mailed.

15.10. Notice to Villa Homes Condominium Association. Unless a particular document permits or requires a particular notice to be given or served in a different manner, any notice permitted or required to be given to or served upon the Villa Homes Condominium Association under the provisions of the Condominium Documents shall be deemed to have been properly given to or served upon the Villa Homes Condominium Association when same is mailed via the United States Postal Service by certified mail, with return receipt requested and sufficient prepaid postage affixed thereto, addressed to the current corporate Registered Agent of the Villa Homes Condominium Association as reflected in the official records of the New Jersey Secretary of State as of the date such notice is mailed.

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

15.12. Rules and Regulations. The Board of Directors shall be and hereby is empowered to promulgate, adopt, amend and enforce such Rules and Regulations as it, in its sole and absolute discretion, deems necessary and proper to effectuate the provisions of this Master Deed including, by way of description, but not by way of limitation, those deemed necessary and proper to ensure that Owners perform in accordance with those covenants and restrictions imposed upon them and discharge and perform those obligations and duties for which they are responsible.

15.13. Conflict with Community Rules or Regulations. In the event any Rules or Regulations of the Villa Homes Condominium conflict with any Community Rules or Regulations, the Rule or Regulation imposing the more stringent standard or that is more restrictive shall govern.

15.14. Enforcement and Fines. Enforcement of the Villa Homes Condominium's Rules and Regulations shall be as provided in Section 15.04 of this Master Deed and the Villa Homes Condominium Association By-Laws and shall include the ability to impose fines for violations, but only to the extent now or hereafter permitted by applicable law. Despite anything to the contrary in this Master Deed or the Villa Homes Condominium Association By-Laws, no fine or late charges (other than interest on past-due amounts) shall be imposed or charged by the Villa Homes Condominium Association or the Board unless such fines or late charges are authorized by New Jersey law.