

EXHIBIT "D"
Certificate of Incorporation of
The Fairways at Laguna Oaks Condominium Association, Inc.

CERTIFICATE OF INCORPORATION

OF

THE FAIRWAYS AT LAGUNA OAKS CONDOMINIUM ASSOCIATION, INC.

TO: Department of Treasury
State of New Jersey

Pursuant to the provisions of Section 15A:2-8 of the New Jersey Nonprofit Corporation Act, the undersigned corporation executes and delivers for filing this Certificate of Incorporation.

**ARTICLE I
NAME AND ADDRESS**

Section 1. The name of this corporation shall be The Fairways at Laguna Oaks Condominium Association, Inc., hereinafter referred to as the Corporation, whose address shall be c/o INTEGRA Management Corp., 200 Valley Road, Suite 203, Mt. Arlington, New Jersey 07856.

Section 2. The address of the Corporation's registered office is 830 Bear Tavern Road, West Trenton, New Jersey 08628 and the name of the Corporation's Registered Agent at such address is Corporation Service Company.

**ARTICLE II
PURPOSE**

Section 1. The purpose for which the Corporation is organized is to own, maintain, manage, preserve, administer and operate any common and limited common elements on all or a portion of the lands in the Township of Middle, County of Cape May, New Jersey known as The Fairways at Laguna Oaks, a Condominium. In furtherance of and in addition to the foregoing purposes, the Corporation shall have unlimited power to engage in and to do any lawful act concerning any of all lawful business for which corporations may be incorporated under the New Jersey Nonprofit Corporation Act.

**ARTICLE III
MEMBERSHIP**

The Corporation shall have members, the rights and benefits of which are as set forth in the By-Laws.

Section 1.

**ARTICLE IV
DIRECTORS AND OFFICERS**

Section 1. The affairs of the Corporation shall be managed by a Board of Directors, which shall initially consist of three (3) Directors. The exact number of Directors shall be the number from time to time fixed by a resolution of a majority of the Board. The method of election shall be as set forth in the By-Laws.

Section 2.

The number of Directors constituting the current Board is three (3), and the names and addresses of the persons who are currently serving as such Directors are listed on Exhibit A hereto.

Section 3.

The Corporation shall have such officers, who shall be appointed by the Board of Directors in such manner, as is set forth in the Corporation's By-Laws.

**ARTICLE V
LIMITATION ON ACTIVITIES**

Section

1.

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to its members, trustees, officers, directors or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for the services rendered.

**ARTICLE VI
DURATION AND DISSOLUTION**

The duration of the Corporation shall be perpetual.

Section

1. Section

Upon dissolution of the Corporation, the distribution of the assets of the Corporation shall be as set forth in the By-Laws of the Corporation.

2.

**ARTICLE VII
LIMITATION OF LIABILITY**

Section

1.

To the fullest extent that the laws of the State of New Jersey, as they exist or may hereafter be amended, permit the limitation or elimination of the liability of trustees and officers, a trustee or officer of the Corporation shall not be personally liable to the Corporation for damages for breach of any duty owed to the Corporation, except for breaches of duty based upon an act or omission (i) in breach of such person's duty of loyalty to the Corporation, (ii) not in good faith or involving a knowing violation of a law, or (iii) resulting in receipt by such person of an improper personal benefit. Any repeal or modification of this Article shall not adversely affect any right or protection of such person existing at the time of such repeal or modification.

**ARTICLE VIII
INCORPORATORS**

Section 1. The name and address of the incorporator is as follows:

Name

Address

Brian M. McGovern, Esquire	c/o Archer & Greiner, P.C.
	One Centennial Square
	Haddonfield, New Jersey 08033

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Incorporation this _____ day of _____, 2016.

Brian M. McGovern

EXHIBIT A

Initial Board of Directors

Name

Address

113656508v1

EXHIBIT "E"

By-Laws of The Fairways at Laguna Oaks Condominium Association, Inc.

BY-LAWS
OF
THE FAIRWAYS AT LAGUNA OAKS CONDOMINIUM ASSOCIATION, INC.
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BY-LAWS
OF
THE FAIRWAYS AT LAGUNA OAKS CONDOMINIUM ASSOCIATION, INC.

ARTICLE I
NATURE OF BY-LAWS

1.1. Nature of By-Laws. These By-Laws are intended to govern the administration of The Fairways at Laguna Oaks Condominium Association, Inc. (the "Condominium Association"), a nonprofit corporation organized under Title ISA of the Statutes of New Jersey, and the management, administration, utilization and maintenance of the Common Elements and certain of the Limited Common Elements, as described in the Master Deed for The Fairways at Laguna Oaks, a Condominium.

1.2. Definitions. Unless the context clearly indicates otherwise, all capitalized terms shall have the meaning set forth in the Master Deed, and all definitions set forth in the Master Deed are incorporated herein by reference.

1.3. Fiscal Year. The fiscal year of the corporation shall be the calendar year.

1.4. Principal Office. The principal office of the Condominium Association is located at c/o INTEGRA Management Corp., 200 Valley Road, Suite 203, Mt. Arlington, New Jersey 07856, or as otherwise designated by the Board of Directors.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

2.1. Membership. Every person, firm, association, corporation or other legal entity who is a record Owner or Co-Owner of the title to any Unit shall be a Member of the Condominium Association; provided, however, that any person, firm, association, corporation or legal entity who holds such title or interest to a Unit merely as security for the performance of an obligation (including, but not limited to, mortgagees or Directors under deeds of trust) shall not be a Member of the Condominium Association. Developer shall have one (1) membership and one (1) vote in the Condominium Association for each Unit completed or prospective, which has not been conveyed to a purchaser other than Developer.

2.2. Tenants or Other Occupants of Units. Every person who is entitled to possession and occupancy of a Unit as a tenant or other occupant of a Unit Owner shall be permitted to enjoy the Common Elements but shall not be entitled to any vote with respect to matters of the Condominium Association.

2.3. Change in Membership. Upon transfer of title to a Unit, the membership of the transferring Owner shall automatically terminate and shall be transferred and inure to the benefit of the new Owner succeeding him in interest. However, such new Owner shall not be entitled to vote in matters of the Condominium Association, or to act as a Director, Officer or committee member of the Condominium Association until such time as (i) he has delivered to the Secretary

proof that title ownership of a Unit has been transferred to him, and (ii) he has paid the required membership fees and contribution to reserves.

2.4. Rights of Membership. Every Member residing within the Condominium shall be privileged to use and enjoy the Common Elements, subject, however, to the terms of the Master Deed and the right of the Condominium Association to:

- (a) Promulgate Rules and Regulations governing such use and enjoyment;
- (b) Suspend the use and enjoyment of all or any portion of the Common Elements as provided below; and
- (c) Transfer, grant or obtain easements, licenses or other property rights with respect to the Common Elements as provided in Section 6.010) hereof.

Membership, voting rights and use of all or any portion of the Common Elements by a Member or his tenants or other occupants may be suspended by the Board for any period during which any assessment against the Unit to which his membership is appurtenant remains unpaid. However, upon payment of any such assessments, together with any interest and other costs accrued thereon, by money order or certified check, his rights and privileges shall be immediately and automatically restored. Membership, voting rights and use of all or any portion of the Common Elements by a Member or his tenants or other occupants may also be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single violation of the Condominium Documents; however, if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until such Member is given at least ten (10) days written notice and is afforded an opportunity for a hearing before the Board.

2.5. Membership Fee and Contribution to Reserves. At the time an Owner acquires title to a Unit from Developer, a Builder or any other Owner (i.e. on a resale of a Unit), he or she shall be obligated to pay to the Association (i) a nonrefundable, one-time membership fee to the Association in an amount of Seven Hundred Fifty Dollars (\$750.00); (ii) a nonrefundable, one-time contribution to the reserves of the Association in an amount equal to one (1) month of the then estimated Annual Common Expense Assessment for such Unit. The Unit Owner-controlled Board shall not have the right to alter the amount of membership fee or contribution to the reserves. The membership fee paid by each Owner shall not be transferable and shall be utilized for the payment of any of the Association's start-up expenses for each of the Buildings as well as any unanticipated expenses of the Association. The contribution to the reserves made by each Owner shall not be transferable and shall be utilized for deferred repairs and replacements of the Common Elements. This Section 2.05 shall not apply to Eligible Mortgage Holders who acquire title by foreclosure or deed in lieu thereof, to Developer, or to any successor to all or a portion of Developer's interest hereunder (including any Builder).

2.6. Member in Good Standing. A Member shall be deemed to be in good standing and entitled to vote in person or by proxy or in any ballot by mail, only if (i) he shall have satisfied the requirements of Article II hereof, (ii) he shall have fully paid all installments due for assessments made or levied against him and his Unit by the Board together with all interest, costs, fees for legal counsel, penalties and other expenses, if any, charged to him and to his Unit,

and (iii) he shall not be in violation of the Condominium Documents after having received notification from the Board that a violation exists. For purposes herein, if payment of any amounts described hereunder is tendered by personal check, the Condominium Association must have received confirmation that such personal check has cleared before such Owner will be credited with payment therefor.

2.7. Voting Rights. One (1) vote in matters of the Condominium Association shall be allocated to each Unit. The Member(s) who hold record title to a Unit shall be entitled to cast the vote allocated to such Unit. When more than one Owner holds record title to a Unit, the vote for such Unit shall be exercised as the Co-Owners themselves determine. When one (1) or more Co-Owners signs a proxy or purports to vote for his Co-Owners, such vote shall be counted and binding on all Co-Owners unless one or more of such Co-Owners is present and objects to such vote, or, if not present, submits a proxy or objects by written statement delivered to the Secretary of the Condominium Association before the vote is counted. If Co-Owners disagree as to the vote, the vote shall be split equally among the Co-Owners. Developer, Landowner and Builder shall have one (1) vote for each Unit owned by it.

2.8. Proxies. Proxy ballots shall be permitted with respect to all matters properly to be voted upon by the Members. All proxies shall be in writing, signed by the Member or by his duly authorized representative, and delivered to the Secretary of the Condominium Association at least twenty-four (24) hours prior to the commencement of the meeting at which ballots are to be cast. Proxies may be revoked by the person who has issued the proxy at any time prior to the opening of the polls and shall be void immediately when the person who has issued the proxy shall cease to be an Owner of a Unit. No proxy shall be voted after eleven (11) months from the date of its execution unless the proxy provides for a longer period, which in no event shall exceed three (3) years from the date of its execution. All proxies shall be substantially in the form prescribed by the Board, and if not in such form, shall be deemed invalid, which determination shall be made in the sole and absolute discretion of the Board or the judges of the election with respect to any election.

ARTICLE III MEETINGS OF MEMBERS

3.1. Place of Meetings. All meetings of Members shall be held at such place reasonably convenient to the Members as may be designated by the Board.

3.2. Annual Meetings. All annual meetings of Members shall be held on a date to be established by the Board, except that the first such annual meeting shall be held when required in accordance with Article IV hereof. At each annual meeting, the Members may vote on questions as set forth in Section 3.07 hereof and transact other business of the Condominium Association. At each annual meeting subsequent to the transition elections held in accordance with Article IV hereof, the election of Directors shall take place. If the election of Directors shall not be held at the annual meeting or any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the Unit Owners may elect Directors, and, provided the required quorum of Members is present, transact other business with the same force and effect as at an annual meeting duly called and held. All proxies validly received for the originally scheduled meeting shall remain in full force

and effect for any adjourned meeting or special meeting unless revoked as herein provided, and new proxies may be received for any such subsequent meeting.

3.3. Special Meetings. After the first annual meeting, special meetings of Members may be called by the President whenever he deems such a meeting advisable, and shall be called by the Secretary upon the order of the Board or upon the written request of not less than ten percent (10%) of all Members in good standing. Such request shall state the purposes of such meeting and the matters proposed to be acted upon. Unless requested by at least fifty percent (50%) of all Members in good standing, no special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of Members held during the preceding twelve (12) months, which determination shall be made in the sole and absolute discretion of the Board.

3.4. Notice of Meeting. Except as otherwise provided by law or by the Master Deed, the Board shall serve notice of each meeting of Members, whether annual or special, to each Member not less than fifteen (15) days nor more than sixty (60) days before the date on which the meeting is to be held. Every such notice shall state the time, place and purposes of the meeting. Notice of any meeting of Members shall not be required to have been sent to any Member who shall attend such meeting in person or by proxy. Notice of any subsequent meeting of the Members shall not be required to be given unless the time and place of the subsequent meeting is not announced at the meeting adjourned. Except where otherwise expressly required by law, no publication of any notice of a meeting of Members shall be required.

3.5. Quorum and Adjourned Meetings. At any annual or special meeting of Members, the presence of Members (including Developer or its representatives) in good standing and owning twenty percent (20%) of the total number of Units then a part of The Fairways at Laguna Oaks, a Condominium, whether present in person or by proxy or by mail ballot, shall constitute a quorum for the transaction of business except where otherwise provided by law. In the absence of a quorum, the Members present in person or by proxy and entitled to vote, may, by majority vote, adjourn the meeting from time to time until a quorum shall be present in person or by proxy. At any such subsequent meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting originally called.

3.6. Organization. At each meeting of the Condominium Association, the President, or in his absence, the Vice President, or in the absence of both of them, a person chosen by a majority of the remaining Directors shall act as a chairperson, and the Secretary, or in his absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

3.7. Voting on Questions. Only Members in good standing shall be entitled to vote on questions when an approving vote is required by the Condominium Documents, in accordance to the provisions provided in 3.08. A Majority Vote of the Members shall be sufficient on those questions submitted to a vote of the Members except where otherwise required by law or where the Condominium Documents expressly set forth a different requirement. The vote on any question need not be taken by ballot unless (i) the chairperson of the meeting determines a ballot to be advisable, or (ii) a majority of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot.

3.8. Voting in Elections of Directors. Only Members in good standing thirty (30) days prior to any meeting at which an election is to occur shall be entitled to vote in elections of Directors. Each Unit Owner shall be entitled to one (1) unweighted vote for each Unit to which he or she holds title with respect to all elections. The election of Directors shall be conducted by written ballot. If, at any meeting at which an election is held, more than twice the number of candidates to be elected are nominated, then there shall be two ballots in the election process. At the end of the first ballot, the field of nominees shall be reduced so that there are twice as many candidates as there are positions to be filled, with the persons receiving the fewest votes being eliminated from the second ballot. At the end of the second ballot, the persons receiving the highest number of votes will be elected as Directors to fill the vacant positions. If there are not more than twice the number of nominees for the number of positions to be filled, then there shall be one ballot, with the persons receiving the highest numbers of votes being elected, in order of votes received, to fill the vacancies on the Board. If ever applicable, candidates receiving the highest numbers of votes will be considered elected for the longest term of years.

3.9. Ballot by Mail. Despite any provision hereof to the contrary, the Board, in lieu of calling a membership meeting, may submit any question to a vote of the Members by a ballot by mail and/or e-mail, including, without limitation, the election of Directors. The Board shall appoint judges, as provided in Section 3.11, to tabulate the ballots and prepare a report to be included in the minute book. In order to conduct a ballot by mail for a question submitted to a vote of the Members, the Board shall serve notice upon all Members which shall (i) state with specificity in terms of motions or the questions upon which the vote is to be taken; (ii) state the date by which ballots must be received in order to be counted; (iii) provide an official ballot for the purposes of the vote; and (iv) state the date upon which the action contemplated by the motions or questions shall be taken unless a majority of all Members in good standing submit ballots disapproving such action. Ballots cast by any Members who are not in good standing as of the last date such ballots are to be returned shall not be counted.

3.10. Minutes of Condominium Association Meetings. At each meeting of the Condominium Association, the Board shall cause reasonably comprehensive minutes of the meeting to be taken, showing the time and place, the subjects considered, the actions taken, and any other information required to be shown in the minutes by the By-Laws. Such minutes shall be available for review by Members at the office of the Condominium Association within thirty (30) days from the date of the meeting, but before the next open meeting of the Condominium Association.

3.11. Judges. If at any meeting of the Members a vote by ballot shall be taken, the chairperson of such meeting may appoint two persons to act as judges with respect to the ballots. Judges need not be Members of the Condominium Association, and any Officer or Director of the Condominium Association may be a judge on any question other than a vote for or against any question in which he may be directly interested.

3.12. Order of Business. The order of business at the annual meeting of Members or at any special meetings insofar as practicable shall be:

- (a) Calling of the roll and certifying the proxies.
- (b) Proof of notice of meeting and waiver of notice.

- (c) Reading and disposal of any unapproved minutes.
- (d) Appointment of judges, if appropriate.
- (e) Vote on questions, if appropriate.
- (f) Receiving reports of Officers.
- (g) Receiving reports of committees.
- (h) Old business.
- (i) New business.
- U) Adjournment.

ARTICLE IV BOARD OF DIRECTORS

4.1. Number of Directors. The number of Directors and the timing and manner of their election until the annual meeting of the Association following the first annual meeting shall be as set forth in Section 4.03 hereof. The Board will initially consist of three (3) Directors, all of whom will be appointed by Developer and none of whom need to be a Unit Owner, and will be increased to five (5) Directors at the Second Transition Election and then decreased to three (3) Directors at the Third Transition Election.

4.2. Qualification. Directors elected by Members shall be Members in good standing as defined in Section 2.07 hereof. Any Director, other than Developer, who conveys title to his Unit is automatically disqualified as a Director effective on the date of said conveyance.

4.3. Election of Term of Office.

(a) Election of Directors shall be in accordance with this Section 4.03. Except as otherwise provided in the Master Deed, the Directors appointed by only Developer shall serve terms which are at the discretion of Developer.

(b) The First Transition Election will occur within thirty (30) days after Owners of the Units, other than Developer, own 25% (being 11 Units) of the total, initial Units planned for the Condominium (being 45 Units). At this election, one (1) Director shall be elected by the Unit Owners, other than Developer, and two (2) Directors shall be appointed by Developer. The elected Director shall serve a term which expires at the Second Transition Election.

(c) The Second Transition Election will occur within thirty (30) days after Unit Owners, other than Developer, own 50% (being 22 Units) of the total, initial Units planned for the Condominium (being 45 Units). At this election, the Board shall automatically increase to five (5) Directors, two (2) of whom shall be elected by the Unit Owners, other than Developer, and three (3) of whom shall be appointed by Developer. The elected Directors shall each serve a term which expires at the Third Transition Election.

(d) The Third Transition Election will occur within thirty (30) days after Unit Owners, other than Developer, own 75% (being 34 Units) of the total, Initial Units planned for the Condominium (being 45 Units). At this election, the Board shall automatically decrease to three (3) Directors. Two (2) Directors shall be elected by Unit Owners, other than Developer, and one (1) Director shall be appointed by Developer. Of the Directors so elected: (i) the person who receives the highest number of votes shall have been elected to a three (3) year term; and (ii) the person who receives the next highest number of votes shall have been elected to a two year term. Upon the resignation of the Developer-appointed Director, a third Director shall be elected by the Unit Owners, who will serve a one (1) year term. The terms of the successor Directors will correspond to their predecessor's term. The Developer-appointed Director may serve until the last Unit owned by either the Developer, Landowner or Builder is sold in the normal course of business to a Unit Owner, at Developer's discretion.

(e) Developer, in its sole discretion, may relinquish its right to appoint any Director(s) at any time. However, Developer may not surrender control of the Board of Directors prior to closing title to 75% of the Units unless a majority of Unit Owners, other than Developer, Landowner, or Builder, vote to accept control of the Board of Directors.

(f) Despite the foregoing, in the event that 75% of the total, initial Units planned for the Condominium (being 45 Units) have not been conveyed to Unit Owners, other than Developer and its successors and assigns, within seven (7) years from the date of recordation of the Master Deed, Developer shall call a Special Meeting within sixty (60) days of the 7th anniversary of the recordation of the Master Deed at which time Developer shall surrender control of the Board of Directors to the Unit Owners.

(g) The total number of initial Units planned for the Condominium, when, and if, developed, is forty-five (45). The total number of Additional Units which may be annexed to the Condominium is fifty-five (55). Therefore, the Condominium shall contain a maximum of one hundred (100) residential dwellings at full occupancy.

(h) Despite any assumption of control of the Board by Unit Owners other than Developer, until Developer and/or Builder has sold every Unit and Additional Unit planned for the Condominium, the Board is prohibited by law from taking any action which may discriminate against Developer, or which would be detrimental to the sales or leasing of Units and/or Additional Units owned by Developer or Builder. The Board will be required to continue the same level and quality of maintenance, operation and services as that provided immediately prior to the assumption of control of the Association by Unit Owners other than Developer until Developer or Builder closes title to the last Unit owned by it with a third party purchaser in the ordinary course of business.

4.4. Removal of Unit Owner-elected Directors. Any one or more of the Directors elected by the Unit Owners may be removed, with or without cause, by vote of only the Unit Owners at any annual meeting or special meeting of the Condominium Association at which the required quorum is present, provided that the notice of the meeting expressly included such item of business on the agenda. In such event, a successor shall thereafter, be elected to fill the vacancy thus created. Each person so elected shall be a Director for the remainder of the term of the Director he replaced. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting. Such provisions shall not apply to any Director

appointed by only Developer, and the Directors appointed only by Developer may be removed only by Developer, in its absolute discretion, at any time, with or without cause. Developer shall appoint a successor to fill a vacancy created by it.

4.5. Resignation. Any Director may resign by written notice to the Board of Directors. The resignation shall be effective upon receipt thereof by the Board of Directors or at a subsequent time as shall be specified in the notice of resignation.

4.06. Vacancies. Except as otherwise provided in Section 4.04, vacancies on the Board caused by any reason shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board promptly called for that purpose after the occurrence of such vacancy, even though the Directors present at such meeting may constitute less than a quorum. The Director appointed by the remaining Directors to fill such vacancy shall serve for the balance of the term. Developer shall appoint a new Director to any vacancy caused by any reason for any Director which only Developer is entitled to appoint. When a member of the Board of Directors who has been elected by Unit Owners other than Developer is removed or resigns, the vacancy shall be filled by a Unit Owner who is not employed or associated with Developer.

ARTICLE V TRANSACTION OF BUSINESS BY THE BOARD OF DIRECTORS

5.1. Express and Implied Powers and Duties; Delegation. The property, affairs and business of the Condominium Association shall be managed by the Board, which shall have all those powers granted to it by the Condominium Documents. All of these aforesaid powers and duties are hereby irrevocably delegated to the Board, except as otherwise may be expressly provided to the contrary.

5.2. Developer's and Builder's Protective Provisions. As long as Developer or any Builder owns at least one (1) Unit and is offering that Unit for sale, the following shall apply:

(a) Neither the Condominium Association nor its Board shall affect the rights of Developer or any Builder or cause Developer or any Builder to suffer any financial, legal or other detriment, including but not limited to any direct or indirect interference with the sale of Units or the assessment of Developer or any Builder for capital improvements.

(b) The Condominium Association and its Board shall continue the same level of maintenance, operation, and services as provided immediately prior to the assumption of control of the Condominium Association and the Board by Members other than Developer.

(c) Developer shall have the right to veto any and all actions of the Condominium Association or the Board which may have any direct or indirect detrimental impact upon Developer or any Builder, as may be determined in the sole, reasonable discretion of Developer.

(d) Developer shall exercise its veto right, in its sole and absolute discretion, within ten (10) days after its receipt of notice that a resolution or other action is proposed or has been taken by the Condominium Association or the Board. In such event, Developer shall notify the

Secretary of the Condominium Association of its exercise of its veto right, and any such proposal or action shall be deemed null and void ab initio and of no further force and effect.

The aforementioned protective provisions shall be construed in accordance with and not in derogation of N.J.S.A. 46:8B-12.1 of the Condominium Act, and N.J.A.C. 5:26-8.4 of the regulations promulgated pursuant to the Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-1 et seq.

5.3. Meeting of the Board: Notices: Waiver of Notice. The first meeting of the Board elected in accordance with Section 4.03(b) hereof and shall be held on such date, time and place as determined by the Board of Directors at the meeting at which the Board is elected, and no notice shall be necessary unless otherwise required by law. The date, time and place of such meeting may be changed by agreement of a majority of the Board provided that notice of such change is given to all Board members at least three (3) days prior to the rescheduled meeting date and to all Members as required by law, and further provided that the first meeting of the Board must be held within thirty (30) days after the first annual meeting of the Unit Owners. Thereafter, regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board, **but at least two (2) meetings shall be held each year.** Notice of regular meetings of the Board shall be given to each Director by telephone, mail, telegram or in person at least three (3) days prior to the date of the meeting. Special meetings of the Board may be called by the President on three (3) days notice to each Director given by telephone, mail, telegram or in person which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary in like manner and on like notice upon the written request of at least one (1) Director. Any Director may, at any time, waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Meetings of the Board or portions of such meetings shall be open to Members or other persons for observation or participation in such manner and to the extent required by law or as the Board deems appropriate. Notice to Members of any regular or special meetings of the Board shall be given to the extent required by law and in the manner prescribed by law.

5.4. Quorum and Adjourned Meetings. At all meetings of the Board, a majority of Directors shall constitute a quorum for the transaction of business, and the votes of a majority of Directors present and voting at a meeting at which a quorum is present shall be necessary for valid action by the Board on any matter. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice.

5.5. Joinder in Meetings by Approval of Minutes. Unless prohibited by law, the transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as if transacted at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting, each Director signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof or of the resolution to act adopted at such meeting. All such waivers, consents or approvals shall be in

writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

5.6. Non-waiver. All rights, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

5.7. Consent in Lieu of Meeting and Vote. Despite anything to the contrary in these By-Laws or any of the other Condominium Documents and to the extent not prohibited by law, the entire Board shall have the power to take action on any matter on which it is authorized to act without the necessity of a formal meeting and vote, if the entire Board or all Directors empowered to act, whichever the case may be, shall consent in writing to such action.

5.8. Open Meetings of the Board.

(a) **Open Meetings.** All meetings of the Board, except conference or working sessions at which no binding votes are to be taken, shall be open to attendance by all Unit Owners.

(b) **Restrictions to Open Meetings.** Despite (a) above, the Board may exclude or restrict attendance at those meetings or portions of meetings dealing with any of the following:

(1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;

(2) any pending or anticipated litigation or contract negotiations;

(3) any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his or her ethical duties as a lawyer; or

(4) any matter involving the employment, promotion, discipline, or dismissal of a specific employee of the Condominium Association.

5.9. Notice of Requirements for Open Meetings.

(a) **Notice.** Adequate notice of any open meeting shall be given to all Unit Owners.

(b) **Adequate Notice.** Adequate notice means written advance notice of at least 48 hours, giving the date, time, location of any regular, special, or rescheduled meeting of the Board. Such notice shall accurately state whether formal action may or may not be taken. This notice shall be:

(1) prominently posted in at least one place within the Condominium property reserved for such or similar announcements if such a place exists; and

(2) filed with the Secretary of the Association.

(c) **Annual Posting of Open Meetings.** At least once a year within seven (7) days following the annual meeting of the Association, the Board shall have available and shall maintain throughout the year, notice of meetings in such location reserved for such announcements.

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

**ARTICLE VI
POWERS AND DUTIES OF
BOARD OF DIRECTORS**

6.1. General Powers and Privileges. The Board shall have all those powers granted to it or necessarily implied by law or by the Condominium Documents including but not limited to the following:

(a) To employ, by contract or otherwise, a managing agent or an independent contractor to oversee, supervise and carry out the responsibilities of the Board. Said managing agent or independent contractor shall be compensated upon such terms as the Board deems necessary and proper; and

(b) To employ any person, firm or corporation to repair, maintain or renovate the Common Elements; and

(c) To employ professional counsel and obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants; and

(d) To employ or contract for water and sewer, electricity and gas or other forms of utilities, refuse collection, internet service, cable or master antenna television for the Common Elements, as applicable; and

(e) To employ all managerial personnel necessary, or enter into a managerial contract for the efficient discharge of the duties of the Board hereunder; and

(f) To adopt, amend and publish Rules and Regulations covering the details of the operation and use the Common Elements and Limited Common Elements; and

(g) To secure full performance by Unit Owners or their tenants or occupants of all items of maintenance for which they are responsible; and

(h) To borrow and repay monies, giving notes, mortgages, or other security upon such term or terms as it deems necessary; and

(i) To invest and reinvest monies, sue and be sued; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or

concessions; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court; and all other powers contained herein, and those necessary and incidental thereto; and

(j) To transfer, grant or obtain easements, licenses and other property rights with respect to the General Common Elements in a manner not inconsistent with the rights of Members; and

(k) To bring or defend actions by or against the Condominium Association or one or more Members which are pertinent to the health, safety or general welfare of the Members, the operation of the Condominium, or any other legal action which the Directors may authorize in accordance with these By-Laws including collection of delinquent assessments, **except, however, that the Directors shall be required to obtain the prior, written consent of sixty- seven percent (67%) of the Members in Good Standing to any litigation initiated and commenced by the Condominium Association,** except for any litigation commenced for the collection of delinquent assessments; and

(l) To purchase or lease or otherwise acquire in the name of the Condominium Association and on behalf of all Unit Owners within the Condominium, Units offered for sale or lease or surrendered by their Owners to the Board provided that the foregoing shall not be construed to constitute a right of first refusal; and

(m) To purchase Units within the Condominium at foreclosure or other judicial sales in the name of the Condominium Association and on behalf of all Unit Owners; and

(n) To sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Units acquired by the Condominium Association, and sublease any such Units leased by the Condominium Association on behalf of all Unit Owners; and

(o) To act as or appoint an insurance Director, who shall discharge his duties in accordance with these By-Laws. In the absence of such an appointment, the Board shall be responsible for the disposition of all insurance proceeds; and

(p) To create, appoint Members to, and disband such committees as from time to time shall be deemed appropriate or necessary to aid the Board in the discharge of its duties, functions and powers; and

(q) To impose upon each Member the requirement of membership fees and reserve contributions as set forth in Section 2.05 hereof; and

(r) To enter into agreements or other contracts for management and maintenance of all or any part of the Common Elements and certain of the Limited Common Elements, as described in the Master Deed; and

(s) To undertake such other lawful acts as are necessary or appropriate in furtherance of the exercise of the Board's rights and duties under the Condominium Documents; and

(t) To levy fines and penalties in the manner contemplated by the Master Deed against any Member for violation of the provisions of the Condominium Documents; and

- (u) To approve the annual budget and to set assessments.

6.2. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following, subject to the duties of the Board of Directors of the Condominium Association as described in the Master Deed:

(a) To cause the Common Elements and Limited Common Elements to be maintained in accordance with the standards as set forth in the Master Deed and the other Condominium Documents, as the Board may deem appropriate. All repairs and replacements shall be substantially similar to the original application and installation; and

(b) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Elements and certain of the Limited Common Elements, as described in the Master Deed, and exercise its other powers and duties as contemplated by the Condominium Documents. Compensation for the services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Condominium Association; and

(c) To cause to be kept a complete record of all acts and corporate affairs undertaken by the Board and to present a summary report thereof to Members at the annual meeting or at any special meeting when requested in writing at least fourteen (14) days in advance by Members representing at least fifty percent (50%) of the total votes of the Condominium Association, or to make available during regular business hours the complete records of the Condominium Association to any Member, when requested in writing by such Member at least fourteen (14) days in advance; and

(d) To allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Elements in accordance with the provisions of the Condominium Documents after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and

(e) To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Common Elements which are placed thereon by any federal, state, county or municipal authority having jurisdiction thereof, or order of the Board of Fire Underwriters or other similar bodies; and

(f) To manage the fiscal affairs of the Condominium Association as provided herein in Article VII; and

(g) To place and keep in force all insurance coverage required to be maintained by the Condominium Association; and

(h) To maintain current copies of the Condominium Documents as well as the books, records, and financial statements of the Condominium Association and to make them available for inspection by Unit Owners or by holders, insurers and guarantors of Eligible Mortgages during normal business hours.

6.3. Contracts. The Board, except to the extent otherwise provided by law or by the Condominium Documents, may authorize any Officer or agent to enter into any contract or

execute and deliver any instrument in the name of and on behalf of the Condominium Association, and such authority may be general or confined to a specific instance; however, unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Condominium Association by any contract or engagement or to pledge its credit or render it pecuniarily liable for any purpose or for any amount.

6.4. Transfer To a Government Agency. The Board may dedicate roads, walkways, or other portions of the Common Elements (excluding any Limited Common Elements) of a nature typically administered by Government Agencies or municipalities in the event the Board determines such action is appropriate to maximize government services to the Unit Owners. Despite any provision hereof to the contrary, consent of Unit Owners or holders of Permitted Mortgages shall not be required.

6.5. Enforcement. The Board shall have all powers of enforcement granted to the Board under the Master Deed and shall have the further power, at its sole option, to enforce the terms of the Condominium Documents, by any or all of the following: Self-help; sending notice to the offending party to cause certain things to be done or undone; restoring the Condominium Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

6.6. Fines. The Board shall have the power to levy fines in a manner not inconsistent with the Master Deed against any Member for violation of the provisions of the Condominium Documents. Despite the foregoing, before any fine is imposed by the Board, the Member involved shall be given at least ten (10) days prior written notice and afforded an opportunity to be heard before the Board with respect to the violation(s) asserted.

6.7. Waiver. No restriction, condition, obligation or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

ARTICLE VII FISCAL MANAGEMENT

7.1. Collection of Assets. The Board shall have the duty to collect from each Member, his heirs, administrators, successors and assigns, all assessments charged against such Member as provided in the Condominium Documents and in accordance with applicable law. The Board of Directors shall not be liable for any uncollectible assessments.

7.2. Determination of Common Expenses. The amount of money for Common Expenses deemed necessary by the Board and the manner of expenditure and allocation thereof shall be a matter for the sole discretion of the Board.

7.3. Disbursements. The Board shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth in the Condominium Documents and as required by applicable law.

7.4. Depositories. The depository of the Condominium Association shall be such financial institutions (the deposits of which are insured to the extent of the deposits of the

Condominium Association therein) as shall be designated from time to time by the Board and in which the monies of the Condominium Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Condominium Association for payment of the obligations of the Condominium Association, if the proper fidelity bond has been furnished to the Condominium Association.

7.5. Accounts. The receipts and expenditures of the Condominium Association shall be Annual Common Expenses Assessments and Common Expenses respectively, and shall be credited and charged to accounts under the following classifications as the Board shall deem appropriate:

(a) Current expenses, which shall include all expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not include expenditures chargeable to reserves;

(b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually;

(c) Reserve for replacement, which shall include funds for replacement of the Common Elements and those portions of the Common Elements for which repair or replacement is required because of damage, depreciation, or obsolescence. The amounts in this account shall be allocated among each of the separate categories of replacement items;

(d) Reserve for capital improvements, which shall include funds to be used for capital expenditures or for the acquisition of additional personal property that will be part of the Common Elements; and

(e) Membership fees, consisting of those nonrefundable and nontransferable contributions assessed upon each Member upon acquisition of title to a Unit, which shall be utilized by the Board for the payment of any of the Association's start-up expenses for each of the Buildings as well as any unanticipated expenses of the Association.

(f) The Board shall not be required to physically segregate the funds held in the above accounts except for reserves for replacement of the Common Elements which funds must be maintained in separate accounts. The Board may, in its sole discretion, maintain the remaining funds in one or more consolidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the records of the Condominium Association.

7.6. Reserves. The Board shall not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, repairs, replacements (including replacements for any leasehold improvements for which the Condominium Association is obligated to maintain), emergencies, contingencies of bad weather or uncollected accounts. Despite anything herein to the contrary, the Board in its determination of the Common Expenses and the preparation of the annual budget shall specifically designate and identify that portion of the Common Expenses which is to be assessed against the Members for operating expenses and which is allocable to reserves. The amounts

assessed and collected for the reserves shall be kept in one or more interest-bearing savings accounts or certificates of deposit in depositories authorized by Section 7.04 hereof and shall not be utilized for any purpose other than that which was contemplated at the time of assessment. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking account, or petty cash account for the necessary discharge of its functions.

7.7. Notice of Assessment. Each year, the Board shall give written notice to each Member and to any Eligible Mortgage Holder of the amount estimated by the Board for Common Expenses for the management and operation of the Condominium Association for the next ensuing budget period. If the Annual Common Expenses Assessment is not made as required, an Annual Common Expenses Assessment shall be presumed to have been made in the amount of the last assessment for the prior year and monthly installments on such assessment shall be due upon each installment payment date of the prior year assessments until changed by an amended assessment. However, for so long as Developer controls the Board, it shall cause a budget to be prepared on which the Annual Common Expenses Assessment for each fiscal year of the Condominium Association shall be determined. Failure by the Board to provide the notice required hereunder shall not excuse any Member from its obligations to pay the Annual Common Expenses Assessment assessed against such Member.

In the event that the Annual Common Expenses Assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, and nothing herein shall serve to prohibit or prevent the Board from imposing an Emergency Assessment in the case of any immediate need or emergency which cannot be met by reserve funds earmarked for such contingency.

7.8. Acceleration of Assessment Installment Upon Default. If a Member shall be in default in the payment of an installment of any type of assessment, the Board may notify the delinquent Member that the remaining installments of such assessment shall be accelerated if the delinquent installment has not been paid within (10) days after the mailing of such notice to the Member. If notice is given and the default shall not have been cured within such ten (10) day period, then the Board shall have the right (but not the obligation) to accelerate the remaining installments of such assessment for the current budget year and record a lien or take any other action allowable by law for the accelerated amount, as permitted by law. The Board shall notify such Member and any Eligible Mortgage Holder with respect to such Unit that a lien for the accelerated amount has been recorded (but failure to give such notice shall not invalidate the lien). The Board may also notify any holder of a Permitted Mortgage encumbering the Unit affected by such default and may also publish appropriate notice of such delinquency to the membership of the Condominium Association. If the accelerated balance continues unpaid for a period of ninety (90) days from the initial notice of default, then the Board may foreclose the foregoing lien pursuant to law and/or commence a suit against the appropriate parties to collect the delinquent assessment, but the Board shall not be obligated to do so.

7.9. Late Fees, Interest and Counsel Fees. The Board shall impose a Twenty-Five Dollar (\$25.00) late fee within five (5) days of the due date of any required payment. Interest on the delinquent payment may be charged by the Board from the due date at a rate up to four percent (4.0%) above the prime rate published in the Wall Street Journal at the time such interest is to be charged, or at a comparable rate as determined by the Board in its reasonable discretion,

but in no event shall exceed the maximum rate permitted under the law. In the event the Board shall effectuate collection of said assessments or charges by resort to legal counsel and/or the filing of a lien, the Board may add to the aforesaid assessments or charges a sum equal to (i) reasonable fees for legal counsel incurred in the collection of the amount due, plus (ii) the costs for the preparation, filing and discharge of the lien, and (iii) such other costs as may be allowable by law.

7.10. Assessment of Expenses In Actions by Association; Allocations of Awards.

(a) Except as may otherwise be provided in the Condominium Documents, in the case of any action or proceeding defended by the Condominium Association or the Board or brought by the Condominium Association or the Board pursuant to the provisions of these By-Laws, the costs and expenses of preparation and litigation, including attorney's fees, shall be a Common Expense allocated to all Members.

(b) Any judgments recovered by the Condominium Association in any action or proceeding brought hereunder, including costs, penalties or damages, shall be deemed a special fund to be applied to:

- (1) The payment of unpaid litigation expenses;
- (2) Refunding to Members the cost and expenses of litigation advanced by them;
- (3) Common Expenses, if the recovery thereof was the purpose of the litigation;
- (4) Repair or reconstruction of the Common Elements, if recovery of damages to same was the purpose for the litigation; and
- (5) Any amount not applied to (1), (2), (3), and (4) above shall be applied at the discretion of the Board as either (i) a common surplus which shall be allocated and distributed pursuant to the provisions of Article VII of the Master Deed, or (ii) a set-off against the Annual Common Expenses Assessments generally.

Despite the foregoing, if any Member, the Board or any other person or legal entity affected by any such distribution shall assert that the damages sustained or the diminution in value suffered by such Member was disproportionate to his percentage of common interest, the matter shall be decided in accordance with the procedures set forth in Article XIV hereof.

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

(d) In the event that any Member succeeds in obtaining a judgment or order against the Condominium Association or the Board, then, in addition to any other sums to which said Member would otherwise be entitled by such judgment or order, he shall also be entitled to the

restitution or recovery of any sums paid to the Board as assessments for litigation expenses in relation to said action or proceeding.

7.11. Power of Attorney to Permitted Mortgage Holder. In the event the Board shall not cause the enforcement procedures provided in Sections 7.08 and 7.09 to be implemented within the time provided, any holder of a Permitted Mortgage for any Unit as to which there shall be such unpaid assessments or charges is hereby granted an irrevocable power of attorney to commence such actions and to invoke such other remedies, all in the name of the Condominium Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

7.12. Annual Audit. The Board shall have an annual audit of the funds of the Condominium Association (including the operating budget and reserve account) prepared by an independent certified public accountant who shall audit the same and render a written report thereon in summary form within one hundred twenty (120) days of the expiration of the fiscal year of the Condominium Association. The Board shall provide a copy of such audit to any Member or holder, insurer or guarantor of a Permitted Mortgage who requests a copy of same by written notice to the Condominium Association. While Developer maintains a majority of representation on the Board, it shall have such annual audit of Condominium Association funds (including the operating budget and reserve account) prepared by an independent certified public accountant and a copy of such report delivered to each Unit Owner within ninety (90) days of the expiration of the fiscal year of the Condominium Association. The costs associated with preparation and distribution of such audit shall be borne by the Condominium Association and charged to Members as a Common Expense.

7.13. Examination of Books. Each Member shall be permitted to examine the books of account of the Board by appointment at a reasonable time on business days; provided, however, that the Treasurer has been given at least fourteen (14) days prior written notice of the Member's desire to make such an examination.

7.14. Fidelity Insurance. Fidelity insurance shall be required by the Board from all persons handling or responsible for Condominium Association funds unless such insurance is provided by the applicable management company in accordance with the requirements of the Master Deed. The amount of such insurance shall be determined by the Board in accordance with the Master Deed. The premiums on such insurance shall be paid by the Condominium Association except as otherwise required by the Master Deed. While Developer maintains a majority of representation on the Board, it shall post a guarantee acceptable to the New Jersey Department of Community Affairs, in an amount equal to the then current annual budget of the Condominium Association. For the second and succeeding years while the Developer maintains a majority of representation on the Board, insurance or other guarantee shall include accumulated reserves.

ARTICLE VIII OFFICERS

8.1. Designation. The principal officers of the Condominium Association shall be a President, a Vice President, a Secretary, a Treasurer, an Assistant Secretary and Assistant Treasurer, as needed. Any two (2) offices, except that of President and Vice President, may be held by one person.

8.2. Term and Election of Officers. The Officers of the Condominium Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Condominium Association, and shall hold office until their respective successors have been duly elected and qualified, unless any shall sooner resign or be removed or otherwise disqualified to serve.

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

8.4. Resignation. Any officer may resign by written notice to the Board of Directors. The resignation shall be effective upon receipt thereof by the Board of Directors or at a subsequent time as shall be specified in the notice of resignation.

8.5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

8.6. Duties of Responsibilities of Officers.

(a) **President.** The President shall be the chief executive officer of the Condominium Association. He shall preside at all meetings of the Condominium Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an association.

(b) **Vice President.** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act at meetings of the Condominium Association. If neither the President nor the Vice President is able to act, the Board shall appoint an other Director to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

(c) **Secretary.** The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Condominium Association. He shall have charge of such books and papers as the Board may direct, and he shall, in general, perform all the duties incident to the office of the Secretary.

(d) **Treasurer.** The Treasurer shall have the responsibility for the Condominium Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Condominium Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the

credit of the Condominium Association in such depositories as may from time to time be authorized by the Board.

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

8.8. Eligibility of Directors. Nothing contained herein shall prohibit a Director from being an Officer.

ARTICLE IX COMMITTEES

9.01. Committees. The Board may establish such committees from time to time as it shall deem necessary or appropriate.

ARTICLE X COMPENSATION, INDEMNIFICATION AND EXCULPATION OF OFFICERS, DIRECTORS AND COMMITTEE MEMBERS

10.1. Compensation. No compensation shall be paid to the President or the Vice President or any Director or committee member for acting as such Officer or Director or committee member. The Secretary and/or Treasurer may be compensated for their services if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any Officer, Director or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Condominium Association; provided, however, that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

10.2. Indemnification. Each Director, Officer and committee member of the Condominium Association shall be indemnified by the Condominium Association against the actual amount of net loss, including counsel fees, reasonably incurred by or imposed upon him in connection with any actions, suits or proceedings to which he may be a party by reason of, or arising directly or indirectly from his being or having been a Director, Officer, or committee member of the Condominium Association, except as to matters for which he ultimately shall be found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Condominium Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct.

10.3. Exculpation. Unless acting in bad faith, neither the Board as a body nor any Director, Officer, or committee member shall be personally liable to any Unit Owner in any respect for action or lack of action arising out of the execution of his office. Each Unit Owner shall be bound by the good faith actions of the Board, Officers and committee members of the Condominium Association in the execution of their respective duties. Nothing contained herein shall be construed so as to exculpate members of the Board appointed by Developer from discharging their fiduciary responsibilities.

10.4. Common Elements Tort Immunity. The Condominium Association shall have the full rights and immunities conferred by N.J.S.A. 2A:62A-12 through 2A:62A-14, inclusive, as the same may be amended from time to time.

ARTICLE XI

ARTICLE XI CONSTRUCTION

12.1. Conflict. Anything to the contrary herein notwithstanding, if any provisions of these By-Laws conflict with or are in contradiction of the Master Deed, the Certificate of Incorporation or with the requirements of any law, then the Master Deed, the Certificate of Incorporation or the requirements of the applicable law shall be deemed controlling.

12.2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner their enforceability or affect the remaining provisions of the By-Laws.

12.3. Gender. The use of the masculine gender in these By-Laws shall be deemed to refer to both the masculine and the feminine gender, and the use of the singular shall be deemed to refer to the singular or plural, and vice versa, whenever the context so requires.

ARTICLE XIII AMENDMENTS

13.01. Subject to the Master Deed and except as otherwise provided herein, these By-Laws, or any of them, may be altered or repealed, or new By-Laws may be made, at any meeting of the Condominium Association duly held for such purpose and at which the required quorum is present, and previous to which written notice to Members of the exact language of the amendment or of the repeal shall have been sent. Any such action shall require an affirmative vote of fifty-one percent (51%) of all Members in good standing, such vote being exercised in person or by proxy at a meeting of the Condominium Association duly called for such purpose and at which the required quorum is present, or by mail ballot vote as provided in Section 3.09 hereof, except that (i) the first annual meeting of the Unit Owners may not be advanced, (ii) the first Board (including replacements in case of vacancies) may not be enlarged or removed, (iii) the obligation or the proportionate responsibility for the payment of Common Expenses with respect to the Common Elements may not be changed by reason of any such new Bylaw, amendment or repeal, and (iv) no such new By-law, amendment or repeal shall in any way affect Developer, including any successor of Developer, unless Developer, or its successor, has given its prior written consent thereto.

ARTICLE XIV ALTERNATIVE DISPUTE RESOLUTION COMMITTEE

14.01. Alternative Dispute Resolution Committee. The Board may establish an Alternative Dispute Resolution Committee ("ADR Committee"), consisting of a chairman and two or more Members of the Association, who are not Board members. The ADR Committee shall have the power to appoint a subcommittee from among its members and may delegate to any such subcommittee any of its powers, duties and functions. If initial attempts by the

Association, on its own initiative or upon the receipt of a formal written complaint from an Owner, to secure compliance with the Condominium Documents through correspondence to the Owner disclosing the nature of the violation, are not successful, it shall be the duty of the ADR Committee to conduct a hearing and issue a decision within ten (10) days after the conclusion of the hearing pursuant to the applicable Condominium Documents and any Rules and Regulations adopted thereunder. If an Owner is dissatisfied with the decision reached by the ADR Committee, the Owner can file an appeal within forty-five (45) days of the decision with a court of competent jurisdiction. If there is no appeal taken within this period of time, the decision of the ADR Committee shall become binding and enforceable. All expenses incurred by the ADR Committee shall be deemed common expenses of the Association.

**ARTICLE XV
NOTICE; REGISTRATION OF
MEMBER ADDRESS**

15.01. Any notice required to be sent to any Member or any Eligible Mortgage Holder under the provisions of the Master Deed or these By-Laws shall be deemed to have been properly sent and notice thereby given, when mailed, by regular or certified mail with postage prepaid, addressed to such party who appears on the records of the Condominium Association at the time of such mailing and to the last address of such party as registered with the Condominium Association. Notice to one or two or more Co-owners of a Unit shall constitute notice to all Co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Condominium Association in writing of any change of address to which notice is to be sent. Valid notice may also be given to Members by (i) personal delivery to any occupant of the Unit over fourteen (14) years of age, (ii) by affixing said notice to or sliding same under the front door of any Unit; or (iii) e-mail delivery to the e-mail address of the Member.

**ARTICLE XVI
PRE-TRANSITION PROCEDURES**

16.1. Purpose. In order to provide for a timely mechanism to ensure that the Sponsor has properly discharged its warranty and construction obligations with respect to the Common Elements and other improvements which the Association may be obligated to maintain ("Other Improvements"), the Board may establish a Pre-Transition Committee (the "Committee"), consisting of five (5) Unit Owners other than the Sponsor ("Resident Owners"). The Committee shall consist of all current Resident Owner Board members and such other Resident Owners as may be required to constitute the full five (5) member Committee. Such other Resident Owner Committee members shall be elected by the Resident Owners only and serve until the control of the Board is vested in the Resident Owners. The Resident Owner Board members on the Committee shall serve only during their respective terms on the Board. In the event of any vacancies on the Committee other than Resident Owner Board member vacancies, the successor Committee members shall be appointed by the Resident Owner Board members within thirty (30) days of the occurrence of any such vacancies. Within thirty (30) days after control of the Board is vested in Resident Owners, the Committee shall be reconstituted to consist of such Resident Owners, including Resident Owner Board members, as the Resident Owner Board members deem

appropriate. In the case of a tie vote by the Resident Owner Board members, vacancies on the Committee shall under all instances be filled within fifteen (15) days after any such tie vote by a vote of the Resident Owners.

16.2. Authority. If formed, the Committee shall inspect and evaluate the condition of all Common Elements or Other Improvements, or any portion thereof which are not covered by performance guarantees posted with the municipality ("Bonded Improvements") and the Sponsor indicates in writing to the Committee are complete ("Notice of Completion") and ready to be inspected for compliance with the Sponsor's warranty and construction obligations, all with the assistance of qualified independent engineering and legal consultants to be selected by the Committee and paid from the Transition Expense Fund described in Section 8:2.07 hereof. Thereafter, the Committee shall negotiate the appropriate remedial measures with the Sponsor and recommend to the Board of Trustees the terms and conditions upon which the Sponsor shall be released from liability with respect to each such completed portion of such Common Elements and Other Improvements, but not for warranty obligations for individual Units. Bonded Improvements shall be exempt from this process and the acceptance of same by the municipality shall be deemed conclusive evidence that the Bonded Improvements have been completed satisfactorily whereupon the Sponsor shall have no further warranty or construction obligations with respect to same, either to the Association or the municipality.

16.3. Procedure. The Committee shall cause each completed portion of the Common Elements and Other Improvements, other than Bonded Improvements, to be inspected by and obtain a report from a qualified independent engineering consultant within sixty (60) days after the Committee's receipt of each Notice of Completion. A copy of each said report shall be furnished to the Sponsor within ten (10) days after the Committee's receipt of same. Thereafter the Committee or its designated representative(s) and the Sponsor shall conduct one or more joint inspections of the improvements covered by the Notice of Completion and pursue such good faith negotiations as may be appropriate to resolve any differences with respect to the Sponsor's obligations regarding such completed improvements. If an agreement is reached between the Committee and the Sponsor, and the Committee recommends approval of same, then the Board shall be empowered to release the Sponsor from all liability with respect to such completed improvements, subject to such terms and conditions as may be acceptable to the Committee and the Sponsor. Any such release shall be legally binding upon the Association, provided that same is approved in writing as to form by an independent legal counsel for the Association who has been selected by the Committee. However, if no such agreement is reached within one hundred and eighty (180) days after the Committee's receipt of the Notice of Completion, then the Sponsor shall have the option to (i) proceed to binding arbitration to resolve all disputed recommendations of the Committee pursuant to the rules of the American Arbitration Association, (ii) accept such portions of the Committee's recommendations as it deems appropriate, or (iii) reject the Committee's recommendations in their entirety. If the Sponsor elects option (ii) above, then the Board shall execute a binding release of liability of the Sponsor with respect to all Committee recommendations acceptable to the Sponsor, subject to such independent legal counsel's approval as to form. Moreover, the Board and the Association shall not be obligated to pursue any claims with respect to any unresolved items under either option (ii) or (iii) until the expiration of one (1) year after the Resident Owners assume control of the Board, it being understood and agreed that by submitting each Notice of Completion to the Committee the Sponsor shall have been deemed to

have waived for such one (1) year period any statute of limitations defenses with respect to the Common Elements or Other Improvements covered by such Notice.

16.4. Binding Release. Any release of the Sponsor's liability executed by the Sponsor controlled Board of Trustees pursuant to this Article XV shall be legally binding upon the Association, absolutely and forever, despite the Sponsor's control of the Board.

16.5. Transition Procedures After Resident Owner Control of Board. The procedures set forth in Section 8:15.03 shall apply to and be followed by the Sponsor and Resident Owner controlled Board of Trustees with respect to the Common Elements and Other Improvements for which there has been no previous Notice of Completion furnished to the Association by the Sponsor or if no Committee was formed; provided, however, that a Resident Owner controlled Board shall not be obligated to utilize or follow the recommendations of the Committee.

16.6. Legal Effect. The provisions of this Article shall be construed to be complementary to and not in derogation of any other provisions of these By-Laws, the Master Deed, the Certificate of Incorporation or of any applicable statute or regulation of the State of New Jersey, including but not limited to N.J.S. 46:8B-12.1. Each Resident Owner's execution of the Power of Attorney set forth in the Unit Deed for his Unit shall constitute an irrevocable and binding consent to the terms of this Article XV.

**ARTICLE XVIII
DISTRIBUTION OF ASSETS
UPON DISSOLUTION**

17.01. Termination of the Condominium Association shall not permit the alienation of the Common Elements; such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other entity that is devoted to similar purposes as the Condominium Association.

EXHIBIT "F"
Percentage Interest Schedules

The Fairways at Laguna Oaks, a Condominium

Interim Percentage Interest Schedule based on Full Occupancy of Initial 45 Units

Phase*	Building	Address**	Percentage Interest***
1	1	100 Bay Breeze Boulevard	2.223%
1	1	102 Bay Breeze Boulevard	2.223%
1	1	104 Bay Breeze Boulevard	2.223%
1	1	106 Bay Breeze Boulevard	2.223%
1	1	108 Bay Breeze Boulevard	2.223%
2	3	200 Bay Breeze Boulevard	2.223%
2	3	202 Bay Breeze Boulevard	2.223%
2	3	204 Bay Breeze Boulevard	2.223%
2	3	206 Bay Breeze Boulevard	2.223%
2	3	208 Bay Breeze Boulevard	2.223%
2	3	210 Bay Breeze Boulevard	2.223%
3	2	201 Bay Breeze Boulevard	2.223%
3	2	203 Bay Breeze Boulevard	2.223%
3	2	205 Bay Breeze Boulevard	2.223%
3	2	207 Bay Breeze Boulevard	2.223%
3	2	209 Bay Breeze Boulevard	2.223%
3	2	211 Bay Breeze Boulevard	2.223%
3	2	215 Bay Breeze Boulevard	2.223%
4	5	300 Bay Breeze Boulevard	2.223%
4	5	302 Bay Breeze Boulevard	2.223%
4	5	304 Bay Breeze Boulevard	2.223%
4	5	306 Bay Breeze Boulevard	2.223%
4	5	308 Bay Breeze Boulevard	2.223%
4	5	310 Bay Breeze Boulevard	2.223%
4	5	312 Bay Breeze Boulevard	2.223%
5	4	301 Bay Breeze Boulevard	2.223%
5	4	303 Bay Breeze Boulevard	2.223%
5	4	305 Bay Breeze Boulevard	2.223%
5	4	307 Bay Breeze Boulevard	2.223%
5	4	309 Bay Breeze Boulevard	2.223%
5	4	311 Bay Breeze Boulevard	2.223%
6	7	400 Bay Breeze Boulevard	2.223%
6	7	402 Bay Breeze Boulevard	2.223%
6	7	404 Bay Breeze Boulevard	2.223%
6	7	406 Bay Breeze Boulevard	2.223%
6	7	408 Bay Breeze Boulevard	2.223%
6	7	410 Bay Breeze Boulevard	2.223%
6	7	412 Bay Breeze Boulevard	2.223%

7	6	401 Bay Breeze Boulevard	2.223%
7	6	403 Bay Breeze Boulevard	2.223%
7	6	405 Bay Breeze Boulevard	2.223%
7	6	407 Bay Breeze Boulevard	2.223%
7	6	409 Bay Breeze Boulevard	2.223%
7	6	411 Bay Breeze Boulevard	2.223%
7	6	415 Bay Breeze Boulevard	2.223%
		TOTAL: 45 UNITS	100%

*Developer, Landowner and Builder have each reserved the right to annex the phases in any order and at any time.

**The above addresses for the Phase 1 Units have been assigned by the Cape May Township Tax Assessor and/or Post Office and are subject to change, at any time, at the discretion of the Cape May Tax Assessor and/or Post Office. Such changes do not affect the percentage interest assigned to each Unit, as stated above. The addresses for the Additional Units shall be added at such time as the Additional Units are annexed to the Condominium.

***The Condominium is an expandable condominium which will consist of a maximum of one hundred (100) Units at full occupancy. Sponsor has reserved the right to annex the Units to the Condominium for a period of fifteen (15) years from the date of recordation of this Amended and Restated Master Deed, as described in Article III hereof. As the Units are annexed to the Condominium, each Unit will be assigned a provisional percentage of ownership interest in the General Common and Limited Common Elements with the total percentage aggregating to 100% based on the total number of Units then annexed to the Condominium. The provisional percentage of ownership assigned to each Unit will be automatically decreased proportionately in relation to the new, additional Units being annexed to the Condominium (up to a maximum of 100 Units) upon recordation of a duly recorded amendment to this Amended and Restated Master Deed.

Whenever the individual percentages, when totaled, do not equal 100%, the necessary proportionate number necessary to equal 100% shall be allocated first to Unit 1, thence to Unit 2 and in consecutive order until the total of all Units shall equal 100%.

The Fairways at Laguna Oaks, a Condominium

Percentage Interest Schedule based on Full Occupancy (100 Units)

Phase*	Building	Address**	Percentage Interest
1	1	100 Bay Breeze Boulevard	1.0%
1	1	102 Bay Breeze Boulevard	1.0%
1	1	104 Bay Breeze Boulevard	1.0%
1	1	106 Bay Breeze Boulevard	1.0%
1	1	108 Bay Breeze Boulevard	1.0%
2	3	200 Bay Breeze Boulevard	1.0%
2	3	202 Bay Breeze Boulevard	1.0%
2	3	204 Bay Breeze Boulevard	1.0%
2	3	206 Bay Breeze Boulevard	1.0%
2	3	208 Bay Breeze Boulevard	1.0%
2	3	210 Bay Breeze Boulevard	1.0%
3	2	201 Bay Breeze Boulevard	1.0%
3	2	203 Bay Breeze Boulevard	1.0%
3	2	205 Bay Breeze Boulevard	1.0%
3	2	207 Bay Breeze Boulevard	1.0%
3	2	209 Bay Breeze Boulevard	1.0%
3	2	211 Bay Breeze Boulevard	1.0%
3	2	215 Bay Breeze Boulevard	1.0%
4	5	300 Bay Breeze Boulevard	1.0%
4	5	302 Bay Breeze Boulevard	1.0%
4	5	304 Bay Breeze Boulevard	1.0%
4	5	306 Bay Breeze Boulevard	1.0%
4	5	308 Bay Breeze Boulevard	1.0%
4	5	310 Bay Breeze Boulevard	1.0%
4	5	312 Bay Breeze Boulevard	1.0%
5	4	301 Bay Breeze Boulevard	1.0%
5	4	303 Bay Breeze Boulevard	1.0%
5	4	305 Bay Breeze Boulevard	1.0%
5	4	307 Bay Breeze Boulevard	1.0%
5	4	309 Bay Breeze Boulevard	1.0%
5	4	311 Bay Breeze Boulevard	1.0%
6	7	400 Bay Breeze Boulevard	1.0%
6	7	402 Bay Breeze Boulevard	1.0%
6	7	404 Bay Breeze Boulevard	1.0%
6	7	406 Bay Breeze Boulevard	1.0%
6	7	408 Bay Breeze Boulevard	1.0%
6	7	410 Bay Breeze Boulevard	1.0%
6	7	412 Bay Breeze Boulevard	1.0%
7	6	401 Bay Breeze Boulevard	1.0%

7	6	403 Bay Breeze Boulevard	1.0%
7	6	405 Bay Breeze Boulevard	1.0%
7	6	407 Bay Breeze Boulevard	1.0%
7	6	409 Bay Breeze Boulevard	1.0%
7	6	411 Bay Breeze Boulevard	1.0%
7	6	415 Bay Breeze Boulevard	1.0%
Remaining Phases for 55 Additional Units	To Be Determined	To Be Determined for the 55 Additional Units	55.0% (1% per each Additional Unit)
		TOTAL: 100 UNITS	100%

*Developer, Landowner and Builder have each reserved the right to annex the phases in any order and at any time.

**The above addresses have been assigned by the Cape May Township Tax Assessor and/or Post Office and are subject to change, at any time, at the discretion of the Cape May Tax Assessor and/or Post Office. Such changes do not affect the percentage interest assigned to each Unit, as stated above. The addresses for the Additional Units shall be added at such time as the Additional Units are annexed to the Condominium.

EXHIBIT "G"
Basin Maintenance Schedule

Operation and Maintenance Manual
Stormwater Management Systems
For

Fairways Major Site Plan
Block 335.01, Lot 5.03
Middle Township, Cape May County, New Jersey

Prepared By:

Morrison
ASSOCIATES' LLC

1000 Morris Avenue, Suite 1000, Egg Harbor Township, NJ 08234
Tel: 609-426-1100 Fax: 609-426-1101

3122 Fire Road
Egg Harbor Township, NJ 08234

October 29, 2014
Revised May 11, 2015

INTRODUCTION

The Fairways Major Site Plan Stormwater Management Measures have been designed in accordance with the Middle Township Land Development Ordinance. As part of the stormwater management requirements as stated in Section 218-73 of the Middle Township Land Ordinance, an Operation and Maintenance Manual is required for this project. The items listed in this manual will be the responsibility of the property owner unless otherwise noted. Certain inspection and design restoration procedures described within this manual may require the use of a professional engineer licensed in the State of New Jersey.

REQUIREMENTS

It will be the responsibility of the contractor to ensure proper maintenance during construction of the project site and until final certification of the stormwater facilities and acceptance by owner. At which time the HOA shall assume all responsibilities of the storm piping and inlets maintenance up to the drainage easement area. Per Section 94-44 H. the owner shall take sole responsibility for ensuring the proposed stormwater facilities operate as designed for a minimum of twenty years as stated in Section 94-44 H.3.d. The golf course owner shall maintain all structures and basin maintenance within the drainage easement area.

To ensure the minimum twenty year performance guarantee routine inspection and maintenance will be performed. This preventative maintenance will include all repairs, replacements to stormwater structures; the removal of debris, sediment and organic matter; the restoration of any eroded areas; and any landscaping needs.

The removal of such material routinely throughout the year will result in the proposed basins, storm sewers and swales operating properly. This will result in the site draining in a fashion as it was designed. Improper maintenance may result in the increased occurrence of ponding and potentially flooding.

The inspection and maintenance measures outlined within this manual are designed to maintain the functionality of the proposed stormwater management facilities which include stormwater management basins and storm sewer and conveyance systems.

The following section of the manual will describe the required operation and maintenance procedures for the project as to be carried out by the respective parties.

COORDINATE LOCATIONS

Basin 1: N 39° 23' 45", W 74° 37' 53"

Basin 2: N 39° 23' 50", W 74° 37' 52"

STORMWATER MANAGEMENT BASIN

Effective basin performance requires regular and effective maintenance. All extended detention basin components expected to receive and/or trap debris and sediment must be inspected regularly. This shall include the porous asphalt areas for parking of vehicles, underground stone trench systems for roof runoff and the infiltration basins.

Maintenance Responsibility

The golf course owner shall be responsible for maintaining the two (2) stormwater management basins, vegetation and inlet/outlet structures associated with the structures. Maintenance work shall be completed by trained personnel.

Preventative Maintenance

Preventative maintenance shall be performed on a regular basis by properly trained personnel, and it is intended to keep the facility operational and attractive at all times. Preventative maintenance shall include:

1. **Control of Nuisance Insects**
To prevent the growth of mosquito habitat, inspection should include the removal of old cans, tires, un-drained depressions in wooded areas and hollow stumps, water control structures and pipe openings and anywhere else standing water can accumulate. Inspection should be conducted once a month during the spring and summer months.
2. **Removal and Disposal of Trash and Debris**
Immediately following any major storm event and at least once every month, all trash and debris shall be removed from the trash racks, spillway and impoundment areas and from all other stormwater structures.
3. **Sediment Removal and Disposal**
Accumulated sediment must be removed before it threatens the operation of the facility. Sediment volume should be monitored periodically and shall be removed, if necessary, at least once every three (3) months. Sediment shall be disposed of in accordance with State and County Soil Conservation District and New Jersey Department of Environmental Protection Standards.
4. **Retaining Walls/Berms**
Berms will require mowing, erosion control and prevention of animal burrows and tree growth. Inspection shall be conducted every three (3) months. Additionally, the retaining walls should be inspected to ensure stability and to remove any plant growth and to address any areas of erosion.

5. Grass Maintenance

An annual program of fertilizing and soil conditioning shall be provided to maintain healthy grass growth. Re-seeding shall be done as necessary. When planting and maintaining lawn areas, pesticides and fertilizers shall be applied in accordance with the manufacturer's specifications. Wherever possible the use of fertilizers and pesticides shall be eliminated; if required their use shall be minimized.

Once per month mow side slopes, stabilize eroded banks and repair any erosion. Grass cutting should be conducted as necessary; clipping shall be bagged and properly disposed.

6. Petroleum Spills

Every six (6) months the bottom of the stormwater management basins should be inspected for signs of petroleum contamination.

Inspection Schedule

ITEM	DESCRIPTION	MAINTENANCE INTERVAL
1.	Insect and Pest Control	Monthly (Spring/Summer)
2.	Removal of Trash and Debris	Monthly
3.	Sediment Removal	Every Three (3) Months
4.	Retaining Walls/Berm	Every Three (3) Months
5.	Grass Maintenance	Monthly
6.	Petroleum Spills	Every Six (6) Months

STORM SEWER AND CONVEYANCE SYSTEMS

The storm sewer and areas of vegetated conveyance must be inspected to ensure that excessive amount of erosion are not occurring in around the inlet and discharge locations. Regular inspection will be required to ensure that the structures continue to operate appropriately.

Maintenance Responsibility

The HOA shall be responsible for maintaining the storm sewer and conveyance systems up to the easement area. All other storm sewer and conveyance systems within the easement area will be maintained by the golf course.. Maintenance work shall be completed by trained personnel.

Preventative Maintenance

Preventative maintenance shall be performed on a regular basis by properly trained personnel, and it is intended to keep the facility operational and attractive at all times. Preventative maintenance shall include:

1. Structural Integrity of Concrete Systems
The structural integrity of the concrete inlets, reinforced concrete pipe, headwalls and concrete flumes should be inspected every three (3) months for cracking and/or settling.

2. Sediment Removal and Disposal
Accumulated sediment must be removed before it threatens the operation of the facility. Sediment volume should be monitored periodically and shall be removed, if necessary, at least once every three (3) months. Sediment shall be disposed of in accordance with State and County Soil Conservation District and New Jersey Department of Environmental Protection Standards.

3. Vegetation Inspection
Proposed vegetation should be inspected every six (6) months. Inspection should include the inspection of the land cover, trees and shrubs. This should include provisions for the replacement of dead or dying vegetation and re-establishment of soil stabilization vegetation in areas experiencing excessive amounts of soil erosion.

Inspection Schedule

ITEM	DESCRIPTION	MAINTENANCE INTERVAL
1.	Structural Integrity of Concrete Systems	Every Three (3) Months
2.	Sediment Removal and Disposal	Every Three (3) Months
3.	Vegetative Inspection	Every Six (6) Months

ASPHALT POROUS PAVING AREAS

The surface course of all pervious paving systems must be inspected for cracking, subsidence, spalling, deterioration, erosion, and the growth of unwanted vegetation at least once a year. Remedial measures must be taken as soon as practical. Care must be taken when removing snow from the pervious paving surface courses. Pervious paving surface courses can be damaged by snow plows or loader buckets that are set too low to the ground. This is particularly true at permeable paver systems where differential settlement of pavers has occurred. Sand, grit, or cinders should not be used on pervious paving surface courses for snow or ice control.

If mud or sediment is tracked onto the surface course of a pervious paving system, it must be removed as soon as possible. Removal should take place when the surface course is

thoroughly dry. Disposal of debris, trash, sediment, and other waste matter removed from pervious paving surface courses should be done at suitable disposal/recycling sites and in compliance with local, state, and federal waste regulations.

B. Porous Paving Systems

The surface course of a porous paving system must be vacuum swept at least four times a year. This should be followed by a high pressure hosing. All dislodged sediment and other particulate matter must be removed and properly disposed.

STONE TRENCH RECHARGE AREAS

A stone trench recharge area should be inspected at least four times annually as well as after every storm exceeding 1 inch of rainfall. The water level in the test well should be the primary means of measuring infiltration rates and drain times. Pumping stored runoff from an impaired or failed dry well can also be accomplished through the test well. Therefore, adequate inspection and maintenance access to the test well must be provided.

Disposal of debris, trash, sediment, and other waste material removed from a stone trench recharge area should be done at suitable disposal/recycling sites and in compliance with local, state, and federal waste regulations.

Corrective Maintenance

Corrective maintenance shall be performed as soon as possible after a situation requiring attention is reported. Corrective maintenance includes filling of animal burrows, re-establishment of embankments where erosion or settlement has occurred, repair of damage resulting from vandalism or natural causes, removal of debris and sediment which impairs the operation of the facility and correction of any defects which could jeopardize the safety or operation of the facility.

Maintenance Inspection

An inspection of the facility shall be performed at least every three (3) months and after every major storm event (storms over 1 inch of rainfall) to determine the effectiveness of maintenance work and the condition of the facility. This shall be completed to ensure that all retained stormwater runoff has infiltrated within 72 hours. In the event complete infiltration does not occur, the bottom of the basins may be raked or tilled to break up clogged material. In addition, an inspection shall be made whenever a severe storm warning is issued to determine the readiness of the facility.

Records

Checklists and logs shall be used by maintenance personnel and inspectors working on the basins. These shall be utilized each time maintenance or inspection is performed, and shall be filed with the property owner. These records may be used to determine the effectiveness of the existing maintenance and inspection schedule, and provide a guide to

revising the schedules as necessary. Records shall be retained for a minimum of five years.

MANUAL REVIEW AND UPDATE

This manual shall be reviewed on an annual basis to ensure the prescribed maintenance and inspections schedule is properly described, schedule and implemented. This report must be updated and submitted to the Township of Middle on an annual basis.

COST ESTIMATE

General Maintenance including debris removal from stormwater facilities;

$$5.0 \text{ MH/WK} \times \$25/\text{MH} \times 26 \text{ WK/YR} = \$3250/\text{YR}$$

Monthly Mowing of Basin Area:

$$10.0 \text{ MB/Month} \times \$25/\text{MH} \times 12 \text{ Month} = \$3000/\text{YR}$$

Vegetation/Grass Maintenance:

$$\$3000 * (50\%) = \$1500/\text{YR}$$

Miscellaneous Repairs:

$$\$3000 * (50\%) = \$1500/\text{YR}$$

Annual Maintenance Costs Estimated at \$9250/YR

Equipment required to complete the prescribed maintenance and inspection schedule include simple landscaping tools and equipment, including, but not limited to:

1. Shovels, rakes, etc;
2. Backhoe, dozer;
3. Pipe jetting equipment, if necessary; and
4. Lawn mowers.

**These costs are based upon anticipated values and times, actual times and costs may vary.

INSPECTION AND MAINTENANCE FINANCING

Final methods for financing for the cost of the inspection and maintenance associated with the stormwater management facilities will be agreed upon at time of final approval.

EXHIBIT "H"
Conforming Mailbox Depiction

I 13656602v5
I13656602v6

ALL AMERICAN
LANDSCAPES
LLC



P.O. Box 121
Franklinville, NJ 08322
Phone: 856-694-4005

Option 1: Bronze Mailbox & Post

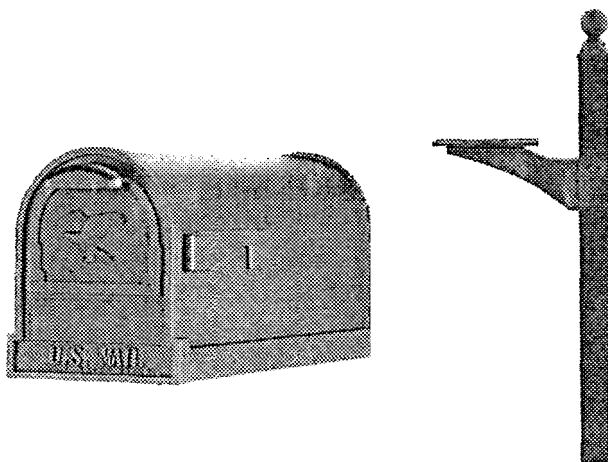


Exhibit 2

Proposed Budget

Fairways at Laguna Oaks Budget Projections at Full Occupany in 2016 Dollars

POS Budget Full
Occupancy (45) Notes

Expenses

Administrative

Office Supplies	100	Copying & Web site
Management Fee	16,740	Per management agreement
Postage	353	For all mailings
Legal	1,800	General counsel, collections & commencing transition
Audit	1,800	Annual audit (HOA expense)
Engineer	3,000	Commence transition engineering
Total Administrative	23,838	

Insurance

Insurance	35,891	Per adequacy letter (HOA expense, \$7k per building to start)
Total Insurance	35,891	

Land Maintenance

Snow Clearing	6,000	Snow clearing for 20 inches of accumulations for road, parking, & sidewalks
Landscape Maintenance	40,000	Lawn cutting, edging, fertilizing, shrub bed maint & weed control
Flowers - entry areas	1,000	Floral decor
Lawn Sprinkler Maintenance	1,500	Open/close, repairs & maintenance
Mulch	5,000	Top dressing to shrub beds & tree rings every two years
Stormwater Management	1,000	(Builder expense until finalized)
Pest Control	200	Insect and pest service needs
Refuse Pick Up	0	
Gutter Cleaning	2,025	One time per year
General Maintenance	3,200	Minor maintenance to buildings & grounds
Total Land	59,925	

Utilities

Electric-Irrigation	150	Utility cost for irrigation system
Street Lighting (10)	2,280	Utility cost for streetlight
Water-Fire Hydrants (3)	720	Private hydrant fees
Water-Irrigation	5,500	Utility cost for irrigation water consumption
Total Utilities	8,650	

Deferrals and Reserves

Deferred Maintenance	4,150	Per Attached Kipcon Engineering schedule
Replacement Reserves	35,777	Per Attached Kipcon Engineering schedule
Total Deferrals and Reserves	39,927	
Total Expenses	168,231	

Income

Common Charges	168,231
Total Income	168,231
Surplus/Loss	0

Monthly Assessment 312



May 12, 2016

Fred Langford
Laguna Oaks Development, LLC
212 Crest Road
Cape May, New Jersey 08210

Reference: **The Fairways at Laguna Oaks, A Condominium
Reserve & Deferred Maintenance Schedules for the Public
Offering Statement
Kipcon Project No. 12098-01**

Dear Mr. Langford:

As requested, Kipcon Incorporated has prepared the attached Reserve and Deferred Maintenance Schedules for use in the Public Offering Statement prepared for Fairways at Laguna Oaks, located in Middle Township, New Jersey. Quantities were calculated from the drawings supplied by Laguna Oaks Development, LLC.

These schedules have been prepared in conformance with the *National Reserve Study Standards of the Community Associations Institute (CAI)*, which is a national educational organization for the community association industry.

Based upon the information provided, the schedules are adequate for their intended purpose. As the recommendations are intended to be budgetary in nature, it is very important that the study be updated at the completion of construction to reflect the actual as-built conditions, current costs and the actual construction completion dates for each of the components. In addition, the schedules should be updated on a regular basis, thereafter, in order to continue to reflect current conditions.

If you have any questions or comments, please do not hesitate to contact me. Thank you again for selecting Kipcon to provide these services.

Very truly yours,
KIPCON INCORPORATED

-e_T .---

Jotevens, R.S., CGP
Vice President and General Manager

JTS/bf

Kipcon Inc.
1215 Livingston Ave, Ste. 200
North Brunswick, NJ 08902

P 732.220.0200
800.828.4118
F 732.220.9017
E info@kipcon.com
ldpc@n.com

The Fairways at Laguna Oaks, A Condominium
Reserve Schedule
Date issued: Ma 12 2016



COMPONENT	QUANTITY	UNIT COST	RESERVE SCHEDULE REQUIREMENT PRESENT DOLLARS	ESTIMATED USEFUL LIFE	RESERVE SCHEDULE FUNDING REQUIRED	RESERVE SCHEDULE FUNDING REQUIRED	NOTES
rk							
Asphalt Pavement	4,430	SY	115.00	20	\$277	1,222.50	
Pavement Sealcoating	4,430	SY	4.95		\$144	11,726.21	
Porous Pavement	590	SY	190.00	20	\$49	1,590.00	
Concrete Sidewalks	5,630	SF	110.00	30	\$156	1,876.67	
Concrete Driveway: Aerons	7,200	SF	112.00	30	\$240	1,880.00	
Concrete Driveways	22,060	SF	112.00	30	\$735	18,824.00	
Brick Pavers	610	SF	114.41	30	\$24	1,930.67	
Entrance Monument		LS	110,000.00	20	\$42	1,500.00	
Irrigation		LS	110,000.00	15	\$56	1,666.67	
4' Chainlink Fence	1,510	LF	116.15	25	\$81	1,975.53	10
Waterproofin							
Asphalt Shingles	1,100	SQ	1350.00	30	\$1,069	12,833.33	11
Aluminum Gutters	2,770	LF	15.00	30	\$38	1,461.67	12
Aluminum Downseauts	2,080	LF	14.00	30	\$23	1,277.33	12
Street Lights	11	EA	11,000.00	20	\$46	1,550.00	13
TOTALS					\$965,651	\$2,981	\$35,777

General

The following notes summarize various conditions relating to items that have been included within the *Component Inventory*. The quantities and component descriptions contained in the *Component Inventory* are based on documents and other information supplied to Kipcon by representatives of Laguna Oaks Development, LLC. Unless otherwise noted, the unit costs shown were taken from various construction estimating guides published by R. S. Means, Incorporated (2016 Editions).

The preparation of this Reserve Study is based on the Full Funding definition in the National Reserve Study Standards of the Community Associations Institute (CAI). The study is based on full occupancy of the community and 100% completion of all components. Statutory requirements for these studies are based on adequate funding. If the as built construction does not match the design drawings this study is not valid as it is based on the information contained within the design drawings and prepared before construction is completed.

Numbered

1. The unit cost shown is based on local contractor pricing and represents milling and a two-inch (2") overlay (after compaction) of the asphalt pavement to be installed at the main road of the community. It also includes six percent (6%) for engineering fees.
2. Sealcoating is recommended to be performed two (2) years after pavement installation and every five (5) years thereafter.
3. The unit cost shown represents the complete removal and replacement of the porous pavement to be installed at the three (3) parking areas.
4. The unit cost shown represents the removal and replacement of the concrete sidewalks to be installed along the roadways and parking areas throughout the community as well as leading to each unit. The cost shown is based on local contractor pricing.
5. The unit cost shown is based on local contractor pricing and represents the removal and replacement of the six-inch (6") thick reinforced concrete driveway aprons.
6. The unit cost shown is based on local contractor pricing and represents the removal and replacement of the six-inch (6") thick reinforced concrete driveways to be installed at each unit throughout the community.
7. The unit cost shown represents the removal and replacement of the brick pavers to be installed at the crosswalk adjacent to Buildings 2 and 3.

8. The lump sum cost shown represents the various replacement work to be performed at the entrance monument of the community. No details were provided so the cost shown is based on a similarly sized community.
9. The lump sum cost shown represents the various replacement work to be performed at the irrigation system to be installed throughout the community. No details were provided so the cost shown is based upon a similarly sized community.
10. The unit cost shown represents the removal and replacement of the four foot (4') high chainlink fencing to be installed around the perimeter of the two (2) basins behind Buildings 4 & 6.
11. The unit cost shown is based on local contractor pricing and represents the removal and replacement of the asphalt shingles to be installed at the roofs of the units throughout the community. The cost shown does not include the removal of any damaged sheathing or upgrades to the roofing system. It also includes six percent (6%) for engineering fees.
12. The unit cost shown is based on local contractor pricing and represents the removal and replacement of the aluminum gutters and downspouts to be installed at the roofs of the buildings throughout the community. Typically, it is recommended that the gutters and downspouts be replaced at the time of roof replacement.
13. The cost shown represents the removal and replacement of the street lights installed at the center islands throughout the community. The cost shown includes the replacement of the fixtures only as the poles have an extended useful life.

The Fairways at Laguna Oaks, A Condominium
Deferred Maintenance Schedule
Date Issued: May 12, 2016



COMPONENT	QUANTITY	UNIT COST	DEFERRED MAINTANENCE REQUIREMENT PRESENT DOLLARS	ESTIMATED USEFUL LIFE	ANNUAL DEFERRED MAINTENANCE FUNDING REQUIRED	ANNUAL DEFERRED MAINTANENCE FUNDING REQUIRED	NOTES
Powerwashing	1	LS	\$12,000.00	5	\$200	\$2,400.00	1
Caulking Windows & Doors	1	LS	\$17,500.00	10	\$146	\$1,750.00	2
TOTALS					\$346	\$4,150	

General

The following notes summarize various conditions relating to items that have been included within the *Component Inventory*. The quantities and component descriptions contained in the *Component Inventory* are based on documents and other information supplied to Kipcon by representatives of Laguna Oaks Development, LLC. Unless otherwise noted, the unit costs shown were taken from various construction estimating guides published by R. S. Means, Incorporated (2016 Editions).

Numbered

1. The lump sum cost shown represents the powerwashing of the exterior of the residential buildings.
2. The lump sum cost shown represents the caulking of the perimeter of the windows and doors to be installed at the residential buildings.

Exhibit 3

Letter of Adequacy of Budget

October 11, 2016

FAIRWAYS AT LAGUNA OAKS CONDOMINIUM ASSOCIATION, INC.

To the Sponsor, Laguna Oaks Development, LLC:

We have prepared the estimated first year full occupancy budget for the 45 residential units comprising Fairways at Laguna Oaks, a Condominium located in the Township of Middle, New Jersey.

The accompanying budget presents, to the best of the Sponsor's knowledge and belief, Fairways at Laguna Oaks Condominium Association's expected revenues, expenses, replacement funding and deferred maintenance funding for the first full year of operations based upon full occupancy of the anticipated 45 residential units. It is not intended to be a forecast of financial position, results of operations, or cash flows. The accompanying budget and this report were prepared for the Sponsor for inclusion in the Public Offering Statement of the Fairways at Laguna Oaks, a Condominium and should not be used for any other purpose.

In our reasonable opinion, based upon our prior experiences managing similar buildings in condominium form of ownership, a review of the Sponsor's architectural and engineering plans, and relying upon the engineering and other information supplied by the Sponsor, along with the Kipcon Engineering report for replacement reserves and deferred maintenance, that the budgeted income, operating expenses and replacement reserves, for items with a useful life of thirty years or less, will likely be reasonable and adequate for the first year of full occupancy. However, there will usually be differences between this presented budget and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. We have no responsibility to update this report for events and circumstance occurring after the date of this report.

Very truly yours,

INTEGRA MANAGEMENT CORP.

& Sau

Edward San George, MPA, PCAM
President
ESG/ns

FINANCE | MANAGEMENT | COMMUNICATION

T (973) 770-1500 F (973) 770-3669

www.integramanagementcorp.com

Exhibit 4

Letter of Adequacy of Insurance



Brown & Brown of Lehigh Valley, LP
3001 Emrick Blvd, Bethlehem, PA 18020
PO Box 25001, Lehigh Valley, PA 18002-5001
Phone (610) 974-9490 Fax (610) 974-9791
Toll Free (800) 634-8237

February 15, 2016

Fairways at Laguna Oaks
c/o INTEGRA Management Corp
200 Valley Road, Suite 203
Mt. Arlington, NJ 07856

Re: Letter of Insurance Adequacy
Fairways at Laguna Oaks

In accordance with your request, Brown & Brown will provide insurance coverage for Fairways at Laguna Oaks as follows:

Property: \$13,866,000 blanket building & contents, Special Causes of Loss policy form with Replacement Cost Coverage, and a \$2,500 deductible.

Liability: \$1,000,000 combined single limit for bodily injury and property damage

Automobile: Hired and Non-Owned auto liability

Workers Compensation: NJ Statutory Limits

Directors & Officers Liability: \$1,000,000 Each Claim
\$1,000,000 Annual Aggregate

Umbrella Liability: \$15,000,000 Limit

Fidelity Bond: \$50,000 to include management company as additional insured, and to be increased to account for an increase in total maintenance fees and reserves.

Total Cost: \$35,891.00

The aforesaid policies will represent necessary and adequate coverage for Fairways at Laguna Oaks and satisfies the requirements of mortgage lenders and management contracts. Price is based on 45 units at completion and the current market conditions.

Sincerely,

<**Ryan E Weiner**

Ryan Weiner, CIC, AAI

Senior Vice President, Community Association Division

Exhibit 5

Management Contract

Management Agreement

THIS AGREEMENT, MADE AND ENTERED INTO THIS _____ day of _____
2016 by and between:

FAIRWAYS AT LAGUNA OAKS CONDOMINIUM ASSOCIATION, INC a New Jersey Non-profit Corporation with offices in the Township of Middle, Cape May County, New Jersey (hereinafter referred to as the "Association").

and

INTEGRA MANAGEMENT CORP., a New Jersey Corporation, with offices at 200 Valley Road, Suite 203, Mt. Arlington, New Jersey (hereinafter referred to as "Managing Agent").

WHEREAS, the Association is responsible for the administration, management and operation of a certain Condominium Association known as "Fairways at Laguna Oaks" located in the Township of Middle, Cape May County, New Jersey.

WHEREAS, the Managing Agent possesses expertise in the management, operation, and administration of the Association common elements and

WHEREAS, the Association desires to engage the Managing Agent to perform all the property management services required for the efficient administration, operation and management of Fairways at Laguna Oaks, including but not limited to those authorized by the Master Deed of the Association and those authorized by the By-Laws of the Association and those hereinafter expressly set forth;

NOW, THEREFORE, the parties hereto covenant and agree as follows:

1. The Association herewith appoints the Managing Agent as the exclusive agent for the management, operation, and administration of Fairways at Laguna Oaks, and Managing Agent herewith accepts said appointment under and upon the terms and conditions hereinafter provided.
2. The responsibility of the Managing Agent for the administration, management and operation of the Development shall commence with the closing of title to the first unit. The term of this agreement shall be for one (1) year. This agreement shall terminate ninety (90) days after the first meeting of the Board of Trustees in which the unit owners constitute a majority of the members, unless the Board ratifies the agreement. Negotiations for renewal of this agreement shall commence ninety (90) days prior to the anniversary date of this agreement.
3. The services to be rendered by the Managing Agent in connection with the management, operation, and administration of the common elements of the Association are as follows:

Employees and Staffing

- (a) Provide the necessary personnel to supervise and coordinate the activities of the Association employees and independent contractors. All employees of the Managing Agent shall be under the complete control of the Managing Agent and the Managing Agent retains sole responsibility for the selection and retention of its staff. The Association shall employ none of these employees.
- (b) The Association recognizes the importance and value of the Managing Agent's employees to its business and it agrees to refrain from hiring, directly or indirectly, any person who is or was employees by the Managing Agent during the term of this Agreement, without first obtaining the written consent of the Managing Agent.

Property Management

- (a) Cause the common elements to be maintained and kept in a first class condition, provided adequate funds are budgeted by the governing board of the Association. Generally, do all things deemed reasonable, necessary or desirable by the Board of Trustees of the Association to oversee the proper management of the Association's property.
- (b) If applicable and approved by the Board of Trustees, cause to be purchased, on behalf of the Association, all tools, equipment, supplies and materials as may be necessary and desirable for the maintenance and upkeep of the common elements. Such purchases shall be made in the name of the Association and shall remain the property of the Association
- (c) Subject to the approval of the Board of Trustees, cause to be entered into, contracts on behalf of the Association for fire suppression, plumbing, electrical, trash removal, general maintenance, garage operations, lawn and shrub care, snow clearing, painting, power-washing, lighting, insurance, telephone, equipment maintenance, and other services that may be reasonably required. The Managing Agent shall report to the Board on performance of the contracts.
- (d) Assist the Board in preparing bid specifications and distribute these specifications to potential bidders. When requested, submit recommendations on the bids received, check references, and provide a recommended action for approval by the Board.
- (e) Consider, and when reasonable, tend to the requests and complaints of unit owners. If the Managing Agent shall deem any complaint unreasonable, it shall advise the unit owner and the Association of the complaint and the reason for the opinion that the complaint is considered unreasonable.
- (f) Facilitate the enforcement the Association's rules, regulations, and restrictions. Assist the Board in preparing supplemental rules, regulations, and restrictions and provide guidance to the Board in enforcing and administrating them.
- (g) Notify the Association of any practice, procedure, activity or other matter connected with the operation of the Association, which in the opinion of the Managing Agent, may constitute a violation of any ordinance, code, law, or governmental regulation, or breach of restriction convenience or rules and regulations of the Association instruments.
- (h) Administer and maintain a twenty-four (24) hour, seven (7) day per week emergency response program to respond to client service-related emergencies as defined in advance by the Association and the Managing Agent. This system shall be administered through an answering service firm selected by the Managing Agent.
- (i) The staff of the Managing Agent shall principally communicate with the Association's Board through a designated liaison appointed by the Board, preferably the Board President and/or Treasurer.

Financial Management

- (a) Check all invoices received by the Association for services, work and supplies ordered in connection with and for maintaining the common elements and cause to be paid, within the Association's cash flow limitations, all such invoices when they become due and payable.
- (b) Provide monthly billing statements to the membership and collect on behalf of the Association all common expenses, charges, and assessments that may become due to the Association. Take such action in the name of the Association as may be required for the collection of these expenses, charges, and assessments in accordance with Board policy, up to the point of the filing of a lien (this to be done by Association's Legal Counsel).
- (c) Deposit all funds collected for the Association, in the Association's name at the Union Bank (or alternate financial institution determined by the Managing Agent), an FDIC Bank by utilizing the Managing Agent's lock box service. Any other bank accounts to be opened shall be in the name of the Association in an FDIC Bank and in no event shall any individual balance exceed \$250,000.00.

- (d) Cooperate with the Association's accountants with regard to the annual audit of the books and accounts of the Association, including the preparation of an annual report of the operation of the Association.
- (e) Cooperate with the Association's accountants with regard to the preparation and filing on behalf of the Association of any governmental forms or returns.
- (f) Maintain records with respect to services and materials and expenses provided on behalf of the Association, which records will be sufficient to describe the services rendered and shall be kept in accordance with prevailing accounting procedures and shall identify the source and expenditure of all funds. Such records shall be kept at the Managing Agent's expense and shall be freely available for inspection by the Association's officers and trustees on reasonable basis. Such records shall reflect adequate accounting controls.
- (g) Render to the Association monthly statements of all collections and disbursements made, as shall be consistent with the collections, expenses and commitments for the Association on or before the 30th day of each succeeding month. The Managing Agent will prepare and complete monthly financial statements, on or before the 30th day of the next succeeding month and shall include: income statement compared to budget; operating expenses compared to budget; cash disbursement report; balance sheet, and aged arrears and aged open invoice reports. Such statements shall be prepared on an accrual basis and at the Managing Agent's expense.
- (h) Assist the Board of Trustees in acquiring the updating of a professionally prepared reserve schedule from time to time as required by the Board of Trustees.
- (i) Prepare an annual accrual operating budget sixty (60) days prior to the year-end, along with a budget narrative. When approved, this budget will be introduced to the membership and it will also serve as an operating guideline for the Managing Agent.
- U) Issue all necessary forms to vendors as required by the Internal Revenue Service.

Administrative Responsibilities/Communications

- (a) Cause to be prepared and send out all letters, reports, and notices as may be reasonably requested by the Board of Trustees of the Association.
- (b) Maintain the Association's minute book, membership list (including owners and tenants) and prepare and give notice of meetings to the members and trustees of the Association.
- (c) The Managing Agent shall attend six (6) meetings with the Board of Trustees and the Annual Meeting of the Association. Attendance at additional meetings shall be billed at the rate of \$50 per person per hour. Meeting attendance in excess of three hours per meeting will also be billed at \$50 per person per additional hour. The Managing Agent is not expected to attend meetings on weekends, holidays, or evenings after 10:30 pm.
- (d) Assist and advise the committees including covenants and finance and those appointed to supervise all recreational, social and other activities of the Association and its members.
- (e) Provide bookkeeping and secretarial services off site during normal business hours over a five (5) day period (Monday through Friday), at the Managing Agent's expense.

Insurance

- (a) The Association agrees to carry such insurance as is required by its Master Deed and By-Laws and by the laws of the State of New Jersey. In each such policy of insurance the Association agrees to designate the Managing Agent as a party insured with the Association. This will be at the cost of the Association.
- (b) The Managing Agent will assist the Board in preparing insurance specifications and when requested, solicit competitive quotes for the Board's review and approval.
- (c) The Managing Agent will cause the payment of premiums for insurance required by law or the Association instruments or otherwise directed to be carried and maintained, to be in full force and effect by the Board of Trustees.

- (d) The Managing Agent will assemble all information required to establish an Association insurance claim in response to any circumstance that may be covered under the Association's insurance policies.
- (e) The Managing Agent shall require that all contractors brought onto the property have adequate insurance coverage as required and approved by the Board and maintained at the contractor's expense, in the following minimum amount: Worker's Compensation required by law; Comprehensive General Liability and Property Damage Liability in the amount of \$500,000/\$500,000 combined single limit; and Owned and Non Owned Auto in the amount of \$300,000. The Managing Agent shall obtain and keep on file Certificate of insurance showing that the contractor is so insured and can only waive this requirement with the Association's prior written consent.
- (f) Evidence of workmen's compensation shall be supplied to the Association for all employees of the Managing Agent.

Additional Expenses

- (a) Office expenses to be the responsibility of the Managing Agent: mailing labels; delinquency notices, billing statements to owners; INTEGRA Management Corp. letterhead and stationery; and answering service by employees of the Managing Agent only; one (1) file copy of all correspondence, contracts, legal documents; announcements, reports, minutes, bulletins, notices etc.
- (b) Office expense to be the responsibility of the Association: all postage for any and all correspondence, at cost, and all in house delivery of any notices, reports, bulletins, etc., whether prepared by the Managing Agent or Association; where reproduction is needed in bulk to all owners and tenants, all copying of Management reports, agendas, minutes and correspondence for the five (5) member Board of Trustees for each regular monthly meeting; a charge of 15 cents/copy will be billed to the Association; outside copying or publications to be billed to the Association, at cost; all Association letterhead and stationery, at cost; all checkbook, savings accounts, or other banking service charges and expenses; reimbursement to Management Agent for any office expenses advanced in behalf of the Association will be paid immediately to the Agent upon monthly submission of invoice.

Special Services

The following services are excluded from the scope of this contract, unless otherwise indicated, and will be charged at a mutually agreed-upon schedule of fees:

- (a) Involvement in, participation in, and administration of Association legal action that requires the completion of interrogatories, the organization of documents, and time spent out of the office for providing depositions or court testimony.
 - (b) Administering, managing, coordinating, and facilitating insurance claims exceeding \$75,000 in value. To the extent that these charges are considered part of the cost of the claim, they will be submitted for coverage as part of the loss.
 - (c) A fee payable to INTEGRA Management Corp. from the unit owner or the unit owner's lending institution of \$150 for the issuance of a Statement of Account and \$150 for mortgage questionnaires.
4. All purchases and expenditures made by the Managing Agent shall be made out in behalf of and to the credit of the Association. The Managing Agent shall not be required or obligated to advance any monies or credit on behalf of the Association. In no event, however, shall the Managing Agent expend any sum in excess of \$1,000.00 per expenditure or \$15,000.00 per year in the aggregate, unless said expenditure(s) are specifically authorized by (i) the Board of Trustees of the Association, (ii) an approved operating budget of the Association, or (iii) the same is immediately required to eliminate or prevent an emergent danger to life or limb or an imminent and substantial loss of or damage to common elements, in which cases, such expenditure(s) may be made by the Managing Agent,

irrespective of the above limitations. However, the Managing Agent is authorized to sign for routine monthly expenditures ordinary as to the amount or as previously agreed upon.

5. The Managing Agent is authorized on behalf of the Association to make all necessary disbursements for expenses incurred by the Managing Agent pursuant to any of the provisions of this Agreement, subject to prior approval thereof by the Board of Trustees of the Association, and also including the payment of the Managing Agent's compensation as herein provided, and to deduct the same from the collections made for the Association.
6. In the event that at any time there be insufficient funds in the custody of the Managing Agent from the current collections to pay such expenses, the Association agrees to supply the Managing Agent immediately with funds required to make such payments. The Association agrees to reimburse the Managing Agent upon demand for any disbursements that the Managing Agent may elect to advance for the account of the Association and for any monies, which Managing Agent becomes obligated and required to pay pursuant to any of the provisions of this Agreement. Nothing herein contained, however, shall be construed to obligate Managing Agent to make any such advances.
7. (a) The Association agrees to pay the Managing Agent for all services to be performed in connection with the management, administration and operation of the common elements of the Association at the rate of Thirty One Dollars and No Cents (\$31.00) per unit per month (based upon 45 units) with a minimum of Seven Hundred Dollars and no cents (\$750.00) per month commencing as stated in paragraph 2 of this agreement. Such fees are to be payable in equal monthly installments on the first working day of each month.

(b) This Agreement may be terminated by either party without cause upon thirty (30) days written notice.
8. Managing Agent is and shall have general authority and the powers necessary to carry out the intent of this Agreement and to act therefore on behalf of the Association. In no event, however, shall the level of maintenance or general supervision provided by the Managing Agent be less than contemplated by the Association's operating budget.
9. (a) The Managing Agent shall be liable to the Association for any loss or damage caused by the Managing Agent's gross negligence or willful misconduct or caused by the Managing Agent's own failure to comply with its obligation hereunder. The Association will indemnify the Managing Agent against and hold the Managing Agent harmless from (i) Any loss, damage, cost or expenses (including reasonable attorney's fees) sustained or incurred for injury to any person or property in or about and in connection with the common element of the Association from any cause except the gross negligence or willful misconduct of the Managing Agent. (ii) Any liability, damage penalties, costs or expenses, statutory or otherwise, for any acts properly performed by the Managing Agent pursuant to the instruction of the Association; provided in each of the foregoing instances, the Managing Agent promptly advises the Association of its receipt of information concerning any such injury and the amount of any such liability, damages, penalties, costs and expenses.

(b) The Association shall carry public liability insurance (with limits acceptable to the Managing Agent in its reasonable judgment), contractual liability insurance, specifically covering the indemnity provisions contained in subparagraph (a) hereof, workmen's compensation, employer's liability insurance and will include the Managing Agent as a party insured in the liability policy, and will deliver a copy of such liability policy to the Managing Agent or a certificate evidencing same.
10. In the event of an emergency requiring the immediate action of the Managing Agent, such action will be taken only after consultation with the Association's President or a designated alternate.

11. In the event a petition in bankruptcy is filed by or against either the Association or the Managing Agent, or in the event that either shall made an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may forthwith terminate this Agreement upon ten (10) days prior notice in writing to the other
12. Notice which either party desires to give to the other, or is required to give to the other, under this Agreement, shall be given by Certified or Registered Mail, Return Receipt Requested, and it shall be deemed given 72 hours after it shall have been deposited in the United States mails, addressed to the party for whom it is intended as follows:

FOR THE ASSOCIATION:
 CmTent President
 Fairways at Laguna Oaks
 Unit Address
 Middle Township, New Jersey
 (With copy to Association's Legal Counsel)

FOR THE MANAGING AGENT:
 Edward San George, President
 INTEGRA Management Corp.
 200 Valley Road, Suite 203
 Mt. Arlington, New Jersey 07856

13. Upon the termination of this agreement, upon the expiration of time or otherwise, the Association shall assume any outstanding contract or other unliquidated obligations entered into or incurred by Managing Agent pursuant to the terms of the contract in connection with the management, operation and maintenance of the Property; provided however, any such contracts or obligations in excess of One Thousand and no/100 Dollars (\$1,000.00) shall first have been approved in writing by the Association.
14. The Agreement may not be transferred or assigned by either party without the prior written approval of the other.

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year first above written.

WITNESS:

INTEGRA MANAGEMENT CORP.

Edward San George, President

WITNESS:

FAIRWAYS AT LAGUNA OAKS CONDOMINIUM ASSOCIATION, INC.

President

Exhibit 6

Builder's Form Agreement of Sale (the "Purchase Agreement")

NEW JERSEY PURCHASE AGREEMENT

THE FAIRWAYS AT LAGUNA OAKS, A CONDOMINIUM

Date of Purchase Agreement _____ Property Address _____

NOTICE TO PURCHASER: PURCHASER HAS THE RIGHT TO CANCEL THIS CONTRACT OR AGREEMENT BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE SELLER BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH IT IS EXECUTED. SUCH CANCELLATION IS WITHOUT PENALTY AND ALL MONIES SHALL BE PROMPTLY (WITHIN TEN (10) CALENDAR DAYS) REFUNDED IN THEIR ENTIRETY. THE SEVEN (7) DAY PERIOD RUNS FROM THE TIME OF FULL EXECUTION OF THIS AGREEMENT.

NOTICE TO PURCHASER AND SELLER: WITHIN THE FIRST THREE BUSINESS DAYS OF THIS SEVEN-DAY PERIOD, PURCHASER MAY CHOOSE TO CONSULT AN ATTORNEY WHO CAN REVIEW AND CANCEL THE CONTRACT. SEE SECTION 20 ON "ATTORNEY REVIEW" FOR DETAILS.

NOTICE TO PURCHASER: SELLER SHALL BE EITHER THE TITLE HOLDER OR CONTRACT PURCHASER OF THE PROPERTY DESCRIBED IN THIS PURCHASE AGREEMENT AS OF THE EFFECTIVE DATE OF THIS PURCHASE AGREEMENT. IF SELLER DOES NOT HOLD TITLE TO THE PROPERTY WITHIN SIXTY (60) DAYS PRIOR TO THE ACTUAL SETTLEMENT DATE, AS DEFINED IN PARAGRAPH 10 OF THIS PURCHASE AGREEMENT, THEN PURCHASER SHALL HAVE THE RIGHT, AT PURCHASER'S OPTION, TO EITHER (i) TERMINATE THE PURCHASE AGREEMENT BY WRITTEN NOTICE TO SELLER, OR, (ii) WAIVE HIS OR HER RIGHT TO TERMINATE THE PURCHASE AGREEMENT IN ORDER TO PROVIDE SELLER WITH ADDITIONAL TIME TO OBTAIN TITLE AND PROCEED TO SETTLEMENT PURSUANT TO THE TERMS OF THIS PURCHASE AGREEMENT. IF YOU TERMINATE THE PURCHASE AGREEMENT FOR SELLER'S FAILURE TO OBTAIN TITLE AS STATED ABOVE, SELLER SHALL REFUND THE DEPOSIT PLUS THE ACTUAL COST OF ALL OPTIONS WHICH HAVE BEEN PAID FOR BY YOU AND THE ACTUAL COST OF TITLE SEARCH, MORTGAGE-RELATED FEE(S) AND SURVEY INCURRED BY YOU WITHIN TEN (10) CALENDAR DAYS OF SELLER'S RECEIPT OF YOUR WRITTEN NOTICE. THEREAFTER, NEITHER YOU NOR SELLER SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER.

Purchasers Initials _____

MEGAN'S LAW STATEMENT - Under New Jersey law, the county prosecutor determines whether and how to provide notice of the presence of convicted sex offenders in an area. In their professional capacity, real estate licensees are not entitled to notification by the county prosecutor under Megan's Law and are unable to obtain such information for Purchaser. Upon closing, the county prosecutor may be contacted for such further information as may be disclosable to Purchaser.

NEW JERSEY PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made as of the _____ day of _____, 20____, by and between **NVR, INC. t/a Ryan Homes** ("Seller") with an office located at 1020 Laurel Oak Road, Second Floor, Voorhees, New Jersey 08043, and _____ (purchaser) and _____ (co-purchaser), presently residing at _____ (telephone) _____ (individually and collectively "Purchaser").

1. Consideration and Basis of Agreement.

a. **Agreement to Sell.** In consideration of the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which Purchaser and Seller hereby acknowledge, Seller agrees to sell and convey and Purchaser agrees to purchase and receive, subject to the terms and conditions set forth below, the Unit described as follows:

Unit # _____ in The Fairways at Laguna Oaks, a Condominium (the "Condominium"), together with an undivided _____ percentage interest in common with other unit owners in the Condominium's Common Elements (as defined in the Master Deed for the Condominium), which Unit is situated in the Township of Middle, County of Cape May, State of New Jersey and is the _____ Model, *Set/Version* # _____ including those options selected on the attached Master Selection Sheet, (the "Unit").

b. **Certain Meanings and Nature of Agreement.** If there is more than one person defined as "Purchaser" under this Agreement, all persons identified as Purchaser are responsible together and individually for all payments and other obligations under this Agreement. This Agreement contains Purchaser's promises to do or not to do various things. These promises are not limited to the payment of the Purchase Price of the Unit. Failure to keep any of the promises in this Agreement, within the designated time frames if any are specified, is called a "default" or "breach of contract". If Purchaser commits a default or permits one to occur, Seller has certain rights against Purchaser which are called remedies. Seller's remedies are provided for in this Agreement and by law. If Seller chooses to pursue one remedy, Seller may also pursue other remedies at the same or a later time.

c. **Interest Being Sold.** Title to the Unit cannot be separated from the undivided interest in common with other condominium unit owners in the Common Elements that will be conveyed with the Unit. In addition, title to the Unit cannot be separated from the association membership described below.

d. **Association Membership.** Purchaser acknowledges that when Purchaser purchases, and so long as Purchaser owns the Unit, Purchaser shall automatically be a member of The Fairways at Laguna Oaks Condominium Association, Inc. (the "Association"). The Association will govern and operate the Condominium in accordance with a recorded Master Deed, Certificate of Incorporation, Bylaws and Rules and Regulations (the "Governing Documents").

The Unit will be subject to, and Purchaser agrees to comply with, the Governing Documents, and any amendments to the Governing Documents which may be lawfully adopted in the future. This means that the Unit, and its use, will be governed, regulated and subject to the rights of others under the covenants, restrictions, rules, regulations, easements or agreements contained or referred to in the Governing Documents.

e. **Common Elements.** The Public Offering Statement for the Condominium describes Seller's obligation to construct certain of the Common Elements associated with the units which it plans to construct. Certain of the other Common Element improvements, such as road(s), street lights, median strips and landscaping, if applicable, however, will be installed by Laguna Oaks Development, **LLC**, an entity unaffiliated with Seller (the "Developer"), and may not be installed in the Common Elements of the Condominium at the time of Settlement.

Purchaser should consult the Public Offering Statement and the Master Deed and any amendments thereto to determine the kind, nature, extent, capacity and availability and any restrictions pertaining to the use of Common Elements. When Purchaser is the owner of the Unit, Purchaser shall be entitled to use the Common Elements for the purposes for which they are intended. This right is governed by and subject to the Governing Documents. Purchaser should consult the Public Offering Statement and the Master Deed and any amendments thereto for limitations and restrictions imposed or existing upon the use and availability of the Common Elements.

f. Common Expenses. The Common Elements of the Condominium will be managed, operated, and maintained by the Association for the benefit of all owners of Condominium units. The funds necessary to operate and repair the Common Elements (as well as other common expenses and the costs of services provided by the Association) are provided through assessments, which are paid by the owners of units within the Condominium. Purchaser understands that as the owner of the Unit, Purchaser shall be a member of the Association, and will be obligated to pay the common expense assessments charged to the Unit by the Association.

g. Association Fees. At Settlement (as defined in paragraph 10), Seller will collect from Purchaser, on behalf of the Association, a pro-rata share of the estimated annual common expense assessment for the Association. This payment is required under the Governing Documents. The check for this payment to the Association shall be made payable to "The Fairways at Laguna Oaks Condominium Association, Inc."

h. Contribution to Reserves and Membership Fee. At the time an owner acquires title to a unit in the Condominium from the Sponsor, Seller, any other builder or owner, (i.e. on a resale of a unit), he or she, including Purchaser, shall be required to pay to the Association, (i) a nonrefundable, non-transferable, one-time contribution to the reserves of the Association in an amount equal to one (1) month of the then estimated Annual Common Expense Assessment for the Unit to be used for deferred repairs and replacement of Common Elements of the Association; and, ii) a non-refundable, non-transferable, one-time membership fee to the Association in the amount of \$750.00 to be used by the Association for any of start-up expenses of the Association for each of the buildings and any other unanticipated expenses of the Association.

Purchaser's Initials

Purchaser's Initials

i. Models; Advertising or Promotional Materials. Model units, if any, and any advertising or promotional materials used or displayed by Seller, are for display purposes only and are not the basis of the bargain between Seller and Purchaser. Seller makes no representation with respect to building grades, building area, options, facades, unit lay-outs, location of walks, driveways, personal property, fences, patios, decks, landscaping, decorating items or other items in or about the model unit or model unit area (if any) which are for display purposes only, as marked and labeled, and are not included in the Purchaser Price unless otherwise expressly provided herein. The Unit to be constructed hereunder may not necessarily conform to the model unit or model unit area. Purchaser acknowledges that Purchaser is not entering into this Agreement based on any models, advertising or promotional materials, or other displays, other than the model type specified in subsection (a) above. The obligations of Seller under this Agreement shall be determined solely by reference to the plans and specifications for the Unit described in subsection (a) above and the terms of this Agreement.

j. Disclaimer of Representations. Seller makes no representation with respect to the unit type, size, style, price range or location of other condominium units to be built in the Condominium or in other subdivisions in the vicinity of the Condominium. Purchaser acknowledges that all site plans, generalized development plans, plats or renderings which may have been exhibited showing or indicating unit types, the siting of buildings within the Condominium, grading or landscaping are projections only and are not binding upon Seller, and no representative of Seller is authorized to make any representation with regard to these items. In addition, Seller makes no representation as to the location of utility transformers and utility pedestals within the Condominium as the location of these facilities is determined solely by the utility companies and not the Seller.

k. Master Selection Sheet. Attached hereto and incorporated as part of this Agreement is a Master Selection Sheet which includes all options selected by Purchaser, if any. Purchaser acknowledges and agrees that the Master Selection Sheet accurately reflects all options selected by Purchaser as of the date of this Agreement. Purchaser may request changes to the Master Selection Sheet and such requests for changes shall be approved or rejected at the sole discretion of the Seller. All requests for changes shall be processed pursuant to the Change Order Policy attached hereto and made a part hereof. The Purchase Price shall be increased or decreased as applicable to reflect all costs associated with any approved changes.

l. Construction of Unit; Construction Drawings. Seller will build the Unit according to Seller's model type and plan identified on page 2 of this Agreement, and the additional options selected on the attached Master Selection Sheet, if any. Purchaser acknowledges that Purchaser has reviewed the Unit construction drawings (blueprints). Purchaser further acknowledges that there are many accepted methods of calculating the square footage of structures. In its marketing brochures and documents, Seller may use different methods of calculating the square footage of the Unit and makes no representations as to the actual square footage of the Unit, regardless of the method utilized.

2. Sales Price and Payments.

a. Purchase Price. Purchaser agrees to pay to Seller for the Property, including the options listed on the Master Selection Sheet, the sum of _____ Dollars (\$ _____ (the "Purchase Price") payable as follows:

- (i) Cash earnest money deposit upon Purchaser's signing of this Agreement *

*Checks shall be made payable to "Title America Agency Corporation, Escrow Agent" \$ _____
- (ii) Additional payments for specific selections made in the Master Selection Sheet \$ _____
- (iii) An additional payment in cash due on or before _____, 20__ \$ _____
- (iv) Mortgage Loan Amount \$ _____
- (v) The balance in immediately available funds on the date of Settlement hereunder \$ _____

b. Deposit and Other Monies Paid on Account of the Purchase Price. The term "Deposit" shall mean all amounts due from Purchaser to Seller pursuant to paragraphs 2(a)(i), (ii) and (iii). The Deposit and all other monies paid by Purchaser on account of the Purchase Price shall be deposited and held in escrow by Title America Agency Corporation, located at 185 W. White Horse Pike, Berlin, NJ 08009, in a separate non-interest bearing trust account entitled, "The Fairways at Laguna Oaks, a Condominium" at TD Bank, an FDIC Insured Commercial Bank, located at 247 White Horse Pike, Berlin, New Jersey 08009 and will be subject to the attached Escrow Agreement. All refunds or credits to Purchaser of the Deposit shall be without interest. The Deposit and all other monies paid by Purchaser on account of the Purchase Price will be held in escrow during the seven (7) day period during which Purchaser has a right to cancel this Agreement. Upon expiration of said seven (7) days, the Escrow Agent shall release the Deposit directly to the Seller, pursuant to the terms of the attached Escrow Agreement. Seller has provided a downpayment bond to act as a surety for the return of Purchaser's Deposit in the event Purchaser is so entitled pursuant to the terms of this Agreement. A copy of the Escrow Agreement and bond is attached hereto.

c. Personal Checks. Any checks accepted by Seller shall be subject to collection and payment by Purchaser's bank.

3. Cash Sale. ___ Check if applicable. Purchaser has elected not to obtain a mortgage loan for the purchase of the Unit and shall pay the Purchase Price, in accordance with paragraph 2 of the Agreement, in cash or other immediately available funds. Purchaser acknowledges and agrees that (i) the purchase of the Property is in no way contingent on Purchaser obtaining financing from a mortgage lender or any other party, and (ii) the failure of Purchaser to obtain any financing required to purchase the Property, regardless of the cause, shall constitute a default under this Agreement and Seller shall have the right to exercise any remedies it may have under this Agreement, including retention of the Deposit. In addition to the foregoing, if Purchaser intends to obtain financing to purchase the Property, Purchaser shall promptly apply for such financing, shall use good faith efforts to obtain such financing, and shall provide Seller with any and all documentation regarding such financing as may be reasonably requested. Purchaser's failure to do any of the foregoing shall constitute a default under this Agreement, in which case Seller shall have the right to exercise any remedies it may have under this Agreement, including retention of the Deposit." As a result, paragraph 4 of the Agreement, entitled "Mortgage Loan", is not applicable and any and all references to the terms, "Loan commitment" or "Commitment" are not applicable. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

4. Mortgage Loan. If a dollar amount has been inserted above in paragraph 2(a)(iv) of this Agreement, Purchaser desires to obtain a mortgage loan to pay part of the Purchase Price for the Unit. Purchaser has the right to seek a loan in the same amount as set forth above (the "Loan") from a mortgage lender acceptable to Seller (the "Lender"). Purchaser's obligation to buy the Unit is contingent upon approval and issuance of a Loan commitment as described below. Purchaser is responsible for any costs for any extensions, renewals or reissuances of the Loan commitment.

a. **Submission of Loan Application.** Within ten (10) days after Seller's execution of this Agreement, Purchaser, at Purchaser's expense, shall submit an application for the Loan. Purchaser agrees to diligently apply for, negotiate and attempt in good faith to obtain a Loan commitment from the Lender, in a form reasonably acceptable to Seller (the "Commitment"). If Purchaser does not use good faith in submitting an application for a Loan and attempting to procure a Commitment, Seller may, at its sole discretion, elect to terminate this Agreement by written notice to Purchaser and shall refund the Deposit and all other payments made by Purchaser on account of the Purchase Price, without interest, subject to any Purchaser's check having been paid by Purchaser's bank to Seller.

b. **Purchaser's Good Faith.** Purchaser must use good faith to obtain and/or maintain a Commitment from a Lender until Settlement, which includes, but is not limited to, the following: (i) Purchaser shall cooperate with Seller and the Lender as necessary to obtain a Commitment, all at the sole expense of the Purchaser; (ii) Purchaser authorizes Seller to communicate with the Lender and disclose any information regarding the transaction described in this Agreement in order to assist in the loan process; and (iii) Purchaser shall be responsible for keeping Seller informed of the status of Purchaser's loan application, including, but not limited to, providing Seller with a copy of any correspondence from Lender to Purchaser that (1) Lender has approved making a loan to Purchaser (even if subject to conditions), (2) Purchaser has failed to qualify for, or been otherwise denied, a loan, or (3) the approval of the condition(s) of Purchaser's loan have changed from that reported in any prior correspondence within three (3) business days after Purchaser receives said correspondence Lender; (iv) Purchaser agrees not to take any action (or fail to act) the consequence of which might adversely affect Purchaser's Commitment; and, (v) Purchaser shall further notify Seller of any reason that substantially impairs Purchaser's ability to perform under this Agreement within five (5) business days of Purchaser becoming aware of such reason.

c. **Time for Obtaining Commitment.** If, within forty five (45) days from the date this Agreement has been signed by both Purchaser and Seller (the "Commitment Period"), Purchaser has not obtained a Commitment in spite of Purchaser's good faith efforts, Purchaser shall immediately notify Seller and Seller may, at its sole discretion, within ten (10) days of receipt of Purchaser's notice, either: (1) elect to terminate this Agreement by written notice to Purchaser and refund the Deposit and all other payments made by Purchaser on account of the Purchase Price, without interest, subject to any Purchaser's check having been paid by Purchaser's bank to Seller; or (2) extend the Commitment Period for one (1) additional term of thirty (30) days during which time Seller shall also have the right, but not the obligation, to attempt to obtain for Purchaser a Commitment for a term of thirty (30) years at prevailing market rates based upon Purchaser's financial situation and creditworthiness and at no additional mortgage application fee to Buyer). During the extended Commitment Period, Purchaser shall continue to diligently seek financing in good faith. Seller is not responsible for any damages or claims if any Lender refuses to approve Purchaser's Loan application or to make the Loan after issuance of a Commitment for any reason. Seller is only responsible for refunding the Deposit to Purchaser as specifically required by this Agreement. If a Commitment is not obtained at the end of the extended Commitment Period, then either Purchaser or Seller may elect to terminate this Agreement by written notice to the other within five (5) business days of the expiration of the extended Commitment period and Seller shall immediately refund the Deposit and all other payments made by Purchaser on account of the Purchase Price, without interest, subject to any Purchaser's check having been paid by Purchaser's bank to Seller.

d. **Failure to Obtain a Commitment.** If the Commitment is not issued due to Purchaser's lack of good faith efforts to obtain the Commitment, Purchaser shall be in default and Seller may exercise any remedies it may have under this Agreement, including, but not limited to, retention of the Deposit as liquidated damages. If the Commitment is not issued during the Commitment Period, in spite of Purchaser's good faith efforts, either the Purchaser or the Seller may terminate the Agreement. In that event, Seller shall refund the Deposit after which neither party shall have any further obligation or liability to the other. Seller is not responsible for any damages or claims if any Lender refuses to approve Purchaser's Loan application or to make the Loan after issuance of a Commitment for any reason. Seller is only responsible for refunding the Deposit to Purchaser as specifically required by this Agreement.

e. **Status of Commitment Pending Settlement.** After issuance and acceptance of the Commitment, Purchaser shall continue to work in good faith with the Lender to insure that the Commitment does not lapse or terminate. The Commitment shall not be modified by Purchaser without the prior written consent of the Seller. Upon receipt by Purchaser of the Settlement Notice defined in paragraph 10, Purchaser shall not change Lender or make or agree to any changes to the terms of the Commitment which could affect or delay Settlement. If the Lender revokes or terminates the Commitment, or the Commitment lapses following the Commitment Period, Purchaser shall have ten (10) days from the date of Lender's notification (the "Cure Period") to provide written proof of adequate funds available to Purchaser to pay the Purchase Price at Settlement to Seller (the "Settlement Funds"). Purchaser shall be obligated to maintain the Settlement Funds until Settlement and to provide written proof of the availability of the Settlement Funds at any time following the Cure Period and prior to Settlement, at Seller's request. If Purchaser fails to maintain the Settlement Funds following the Cure Period, Purchaser shall be in default of this Agreement in which case Seller may elect to terminate this

Agreement by written notice to Purchaser and exercise its remedies under Paragraph 13(a) of this Agreement.

f. Sale of Existing Home. If the Commitment is contingent on the sale of Purchaser's existing home, then Purchaser and Seller shall execute the "Sale of Existing Home Addendum to Purchase Agreement" (the "Existing Home Addendum") attached to this Agreement.

g. Survey. If the Lender requires preparation of a unit location or other survey and Purchaser requests one from Seller, Seller shall prepare such survey at Purchaser's expense at the cost of \$500.00. Unless required by the appropriate jurisdiction, no survey shall include staking of any boundaries.

5. Limited Warranty.

a. Statutory Warranties.

i. Unit and Coll1111on Elements. Seller warrants the construction of the Unit and Coll1111on Elements which it constructs in accordance with the provisions of the New Jersey New Home Warranty and Builder's Registration Act, N.J.S.A. 46:3B-1, *et seq.* (the "New Home Warranty Act"). The Developer (as defined in the Public Offering Statement) of certain of the other Coll1111on Elements shall separately warrant any of the Coll1111on Elements which it constructs, as described in the Public Offering Statement. Purchaser acknowledges that a copy of the Builder's Limited Warranty (the "New Home Warranty") issued by Professional Warranty Service Corporation ("PWC") has been delivered to Purchaser. On or before Settlement, Seller shall enroll the Unit in PWC, which is an approved warranty security plan, in accordance with the New Home Warranty Act and shall pay all fees and premiums for warranty coverage under the plan. Purchaser shall be responsible for any deductibles which are part of the warranty. Seller further warrants that for any of the improvements which it constructs only:

(1) any outbuildings, driveways, walkways, patios, retaining walls and fences installed by Seller and constituting a part of the Unit will be free from substantial defects due to faulty materials or workmanship for a period of one (1) year from the date of closing or the date of possession, whichever first occurs; and

(2) drainage of surface water runoff for the Condominium is or shall be proper and adequate, as warranted by the Original Developer or Successor Developer, as applicable; and

(3) all off site improvements installed by Seller in constructing the Condominium will be free from defects due to faulty materials or workmanship for a period of one (1) year from construction of the particular improvement(s); and

(4) the Unit is fit for its intended use; and

(5) the Coll1111on Elements installed or constructed by Seller within the Condominium will be free from substantial defects due to faulty materials or workmanship for a period of two (2) years from the date of completion of construction of each improvement or facility; and

(6) the Coll1111on Elements installed or constructed by Seller within the Condominium are fit for their intended use and that within the two (2) years from the date of completion of construction of same, Seller will correct any such defect within a reasonable time after notification of the defect; and

(7) the Unit and the Coll1111on Elements installed or constructed by the Seller will substantially conform to the sales models, descriptions or plans used to induce Purchaser to sign this Agreement, unless otherwise provided in this Agreement. PURCHASER UNDERSTANDS THAT SELLER'S SALES MODEL(S) AND SAMPLES MAY CONTAIN UPGRADE SELECTIONS THAT ARE NOT INCLUDED IN THE BASE PRICE OF THE UNIT. SELLER WILL CLEARLY MARK THESE UPGRADE SELECTIONS IN THE SAMPLES. Seller expressly reserves the right, at its sole option, to substitute building materials, appliances, fixtures and equipment of equal or greater quality and value to those contained in models or described in promotional materials or in this Agreement, without notice to Purchaser.

b. Personal Property Warranties. At Settlement, Seller will assign to Purchaser any unexpired, assignable warranties issued by the manufacturers, suppliers of appliances, equipment or other personal property installed or sold with the Unit. SELLER DOES NOT INDEPENDENTLY WARRANT ANY SUCH APPLIANCES, EQUIPMENT OR OTHER PERSONAL PROPERTY EXCEPT TO THE EXTENT SET FORTH IN THIS AGREEMENT.

c. **Zoning.** Seller warrants that the Unit is in compliance with the applicable zoning regulations. Purchaser acknowledges that Seller has made no representation other than those contained in this Agreement as to current or proposed zoning of any land.

d. **Scope of Warranties.** PURCHASER UNDERSTANDS THERE IS NO WARRANTY OF ANY KIND GIVEN BY SELLER IN CONNECTION WITH THE CONDOMINIUM UNIT OR THE CONDOMINIUM EXCEPT AS PROVIDED IN THE NEW HOME WARRANTY AND IN THIS AGREEMENT. NO OFFICER, EMPLOYEE OR AGENT OF SELLER IS AUTHORIZED TO GRANT ANY OTHER WARRANTY OR MAKE ANY REPRESENTATION BEYOND THE PROVISIONS OF THE NEW HOME WARRANTY AND THIS AGREEMENT AT ANY TIME.

e. **Disclaimer of Warranties.** SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OR WARRANTIES ARISING BY LAW OR BY THE MAKING OF THIS AGREEMENT WITH RESPECT TO THE CONDOMINIUM UNIT, ANYTHING CONTAINED IN THE CONDOMINIUM UNIT, OR THE COMMON ELEMENTS. THIS MEANS THAT THE ONLY WARRANTIES WHICH ARE GIVEN BY SELLER ARE THOSE WRITTEN IN THIS AGREEMENT. BY SIGNING THIS AGREEMENT, PURCHASER AGREES TO THE FOLLOWING STATEMENTS:

i. Seller is not obligated to repair or replace any part of the Unit unless it is covered by the one of the warranties specifically described above or is a local construction code violation.

ii. Seller has not made any promises or representations as to the condition of the Unit except as written in this Agreement and in the Public Offering Statement.

iii. Seller has not authorized anyone else to make any promises or representations as to the condition of the Unit.

iv. Seller is not responsible for any consequential damages arising out of or in connection with any claim covered by a warranty.

f. **Election of Remedy.** Purchaser hereby acknowledges and understands that, pursuant to the Act, the filing of a claim by Purchaser against the New Home Warranty SHALL CONSTITUTE AN ELECTION OF REMEDY AND BAR THE PURCHASER FROM ALL OTHER REMEDIES. Nothing herein shall be deemed to limit Purchaser's right to elect other remedies except that such election SHALL BAR THE PURCHASER FROM PURSUING THE SAME CLAIM UNDER THE NEW HOME WARRANTY AND IN ACCORDANCE WITH THE PROCEDURES RELATED THERETO. Election of other remedies shall mean the filing of a complaint, counterclaim, cross claim or third party complaint in any court that alleges matters covered by the New Home Warranty in particular or unworkmanlike construction in general.

6. **Preconditions to Construction.** Seller may, but shall not be required to, commence construction until receipt by Seller of:

a. All cash payments as required in paragraph 2 above within the time provided.

b. A written Commitment signed by Purchaser, as required within the Commitment Period as indicated in paragraph 3 above.

c. All selectable options, color selections and exterior selections.

d. All necessary governmental approvals and permits to construct the Unit.

In the event Seller elects to commence construction prior to the receipt of (a), (b) or (c) above, Purchaser shall in no way be relieved of its obligations hereunder.

7. **Completion of Construction.**

a. **Outside Closing Date.** If construction delays result from causes beyond the Seller's reasonable control and occur without fault or negligence of Seller, the time of Settlement may be extended for a maximum of 180 days from the Estimated Settlement Date set forth in paragraph 10a, at which time Seller must obtain a temporary or conditional certificate of occupancy permitting residential use of the Property ("Certificate of Occupancy") from the local jurisdiction, even if such items as landscaping, final grading and other minor punch-list items may not be completed. If Settlement does not occur within the 180 day period, Seller shall be in default under this Agreement and Purchaser shall have the right to terminate this Agreement within ten (10) business days from the expiration of the 180 day period from the Estimated Closing Date. If the Agreement is terminated under this provision, Seller shall refund the Deposit plus the actual cost of all options which have been paid for by Purchaser and the actual cost of title search, mortgage-related fee(s) and survey incurred by Purchaser within ten (10) calendar days of Seller's receipt of Purchaser's written notice, subject to any Purchaser's check having been paid

by Purchaser's bank to Seller, after which neither party shall have any further obligation or liability to the other.

b. Interstate Land Sales Full Disclosure Act. If the Purchaser has not terminated this Agreement under Paragraph 7a, the Purchaser shall have an additional right to terminate this Agreement under the Interstate Land Sales Full Disclosure Act, 15 U.S.C. Section 1701, et seq. ("ISLA"), in the event that Settlement has not occurred within two (2) years from the date this Agreement has been signed by both Purchaser and Seller. If the Agreement is terminated under this provision, Seller shall refund the Deposit plus the actual cost of all options which have been paid for by Purchaser and the actual cost of title search, mortgage-related fee(s) and survey incurred by Purchaser within ten (10) calendar days of Seller's receipt of Purchaser's written notice, subject to any Purchaser's check having been paid by Purchaser's bank to Seller, after which neither party shall have any further obligation or liability to the other.

c. Substantial Completion. If the Unit is Substantially Complete on the Settlement Date, Settlement shall be completed as provided in paragraph 10 of this Agreement. "Substantially Complete" means the issuance by the local jurisdiction of Certificate of Occupancy, even if such items as landscaping, exterior concrete, final grading and other minor punch-list items may not be completed. Purchaser agrees to sign and deliver any waiver or other document that may be required by the local jurisdiction in order to obtain a Certificate of Occupancy prior to completion of the above listed items. Seller agrees that any such uncompleted items shall be completed as soon as practicable, weather permitting. Seller further reserves the right to enter onto any of the limited common elements appurtenant to the Unit after Settlement to complete such items without the prior approval of Purchaser and the right to enter the Unit after Settlement, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Purchaser.

d. Inspection. Purchaser and Seller shall inspect the Unit prior to Settlement ("Pre-Settlement Inspection") and shall note, on the Pre-Settlement Inspection Report provided by Seller, those unfinished items or any existing defective conditions, which require completion or corrective action pursuant to this Agreement. Seller shall undertake to complete all such items prior to Settlement; however, Settlement shall not be delayed, nor shall funds be held in escrow, if such work is not completed before Settlement.

e. Private Home Inspection. Purchaser shall have the right to schedule a private home inspection ("Private Home Inspection") of the Unit by an independent licensed home inspector at Purchaser's sole expense, not less than 48 hours prior to the Pre-Settlement Demonstration. The Private Home Inspection must be performed by a licensed home inspector who is licensed by the New Jersey State Board of Professional Engineers and Land Surveyors. Any home inspector must have insurance coverage acceptable to Seller. Purchaser unconditionally agrees to indemnify, defend and hold harmless Seller from any injury to person or property occurring as the direct or proximate result of the Private Home Inspection. If Purchaser elects to hire an independent private home inspector, Seller shall reasonably cooperate in scheduling a Private Home Inspection; however, the Private Home Inspection must be scheduled with no less than 48 hours advance notice to Seller and the Private Home Inspection must take place during normal construction working hours. The Private Home Inspection must be coordinated with the Seller's representatives in accordance with their schedules and shall in no way interfere with construction or delay the construction schedule. Any deficiencies identified by the Private Home Inspection shall be promptly submitted to Seller in writing along with a certified report by the home inspector. In the event any deficiency identified by the Private Home Inspection is not in compliance with local codes or acceptable construction practices as defined in Seller's limited warranty, Seller shall correct such deficiency in a timely manner and the correction of any such deficiency shall not delay Settlement unless the deficiency is of such a nature as to make the Unit materially unsafe or uninhabitable. Seller reserves the right to address any deficiency in accordance with the warranty plan provided by Seller.

f. Exterior Building Work. Seller shall have the right to enter upon the Unit at any time following Settlement for up to one (1) year for the purpose of making exterior changes to the building in which the Unit is located or to adjacent units and improvements thereon.

g. Unforeseen Ground Conditions. If Seller encounters, upon excavation or installation of footings and foundation, any unusual or difficult ground conditions affecting the Unit, Seller may notify Purchaser and offer to Purchaser one or more of the following options: (i) choosing an alternative unit from among those offered by Seller, if one is available; (ii) signing a Mutual Release Agreement and receiving a refund of the Deposit, after which this Agreement shall terminate and neither party shall have any obligation or liability to the other; (iii) agreeing with Seller upon an increase in the Purchase Price reflective of the Unit conditions and proceeding with performance under this Agreement.

h. No Access During Construction. Neither Purchaser nor Purchaser's agent or representative may have access or entry to the Unit or the construction site during construction. Purchaser may not store any possessions in or about the Unit or the construction site prior to Settlement.

If Purchaser violates this provision, Purchaser will be deemed to be trespassing. Seller will not be responsible for any damages, losses, or property or personal injuries suffered by Purchaser or Purchaser's agent or representative while on the construction site or in the Unit or the building constructed thereon in violation of this provision. Purchaser assumes full responsibility for any and all damages, losses, or injuries suffered by Seller arising from a violation of this provision.

8. Seller's Changes.

a. Substitute Materials. Seller shall have the right to substitute similar materials of substantially equivalent quality or better, in Seller's sole discretion.

b. Plan Changes. Seller reserves the right to make changes in the plans and specifications, for the purposes of mechanical installations, building code and site requirements, and reasonable architectural design improvements subsequent to the date of this Agreement.

c. Elevation of Building. Seller may determine, at its sole discretion, the location and ground elevation of the building on the Unit, and the necessity, if any, to change the precise location of that building to conform to the existing contours.

d. Housing Types; Building Sites. Subject to any architectural guidelines applicable to the Condominium or stated in the Governing Documents, Seller reserves the right to refine, revise or change the housing types to be sold in the Condominium. Purchaser acknowledges that the siting of the buildings in specific locations within the Condominium is subject to change; however, any resitings shall conform to all applicable zoning, boundary and set-back requirements.

9. Adjacent Land Uses. Seller makes no representations as to the proposed or approved uses for land adjacent to the Condominium. Governmental regulations and policy affecting the Unit, the Condominium and adjacent land uses are subject to change and are beyond the control of the Seller. For more information regarding these issues, Purchaser should contact the appropriate government agencies. Seller is under no obligation to provide Purchaser with copies of the preliminary or final site plans, the record plat, blueprints, general plan maps or other planning documents which may affect the planning and development of the surrounding area. Copies of such documents can be obtained at the appropriate county or city planning office.

10. Settlement and Delivery.

a. Time of Settlement. Seller shall determine a specific date and time when closing of title to the Unit ("Settlement") shall actually occur (the "Actual Settlement Date"), based on the actual construction time for the Unit. Seller will give Purchaser at least ten (10) days' advance written notice of the Actual Settlement Date. If the Actual Settlement Date is changed by Seller, then Seller will give Purchaser subsequent written notice to reschedule the Actual Closing Date at least two (2) days prior to the rescheduled Actual Settlement Date. Settlement will not occur until the Unit is Substantially Complete. Settlement is estimated to occur on or about _____ (the "Estimated Settlement Date"). The Estimated Settlement Date is provided merely as a rough guideline and is subject to change. The Actual Settlement Date may be after the Estimated Settlement Date. In no event shall Seller be in breach of this Agreement or responsible for any damages or losses whatsoever for any difference in time between the Estimated Settlement Date and the Actual Settlement Date.

b. Place of Settlement; Purchaser Failure to Settle. Settlement shall be held at a place selected by Seller. If Purchaser does not complete Settlement on the Actual Settlement Date, Purchaser shall be in default under this Agreement and Seller may exercise any remedies it may have under paragraph 13 of this Agreement.

c. Delivery of Deed and Possession. Settlement shall be complete when Purchaser pays the Purchase Price as set forth in paragraph 2 of this Agreement in full, Seller signs and delivers to Purchaser a bargain and sale deed with covenants against grantor's acts (the "Deed"), an affidavit of title, and a certificate of occupancy (or temporary certificate of occupancy) and Seller delivers possession of the Unit to Purchaser by delivery of keys to the Unit.

11. Payment of Closing Costs and Mortgage Discount Points.

a. Payment of Closing Costs. Purchaser shall pay all Closing Costs associated with Settlement. For purposes of this Agreement, Closing Costs are defined as all costs associated with Settlement including, but not limited to, mortgage discount points, escrow and pro rata items such as tax pro ration and tax escrows, sewer assessments for the Unit (if applicable), fire insurance premiums, mortgage insurance premiums, mortgage interest, title examination, survey and lender fees, title insurance binder costs and policy premiums, costs of document preparation, attorney's fees, settlement fees, notary fees and messenger fees. Despite the foregoing, Seller shall pay all of the New Jersey Realty Transfer

Fees imposed by N.J.S.A. 46:15-7 and any agricultural roll-back taxes if applicable pursuant to N.J.S.A. 54:4-23.8 at Settlement.

b. Should Purchaser select NVR Mortgage Finance, Inc. for mortgage financing, Seller shall provide the following Incentives:

i. Non-Cash Discount: \$ _____ to be applied as shown on the Master Selection Sheet, the effect of which is a dollar per dollar reduction to the Purchase Price contained in paragraph 2 hereof;

ii. Cash Discount: \$ _____ towards Closing Costs, including mortgage discount points, filing fees, or other financing-related cash payment due from Purchaser, as permitted by applicable law; and

11. The amount of the Cash Discount shown in (b)(ii) above shall not exceed the actual amount of mortgage discount points and/or Closing Costs required to be paid by Purchaser at Settlement. It is the intent of this provision that there shall be no cash payment to Purchaser at Settlement. Despite the foregoing, in the event Purchaser is obtaining a VA guaranteed or FHA insured loan, any amount set forth in (b)(ii) above shall be reduced by an amount equal to any Closing Costs that are required by the Lender to be paid by Seller. Similarly, any amount set forth in (b)(ii) above shall be reduced by an amount equal to any Closing Costs that are required by State law or regulation to be paid by Seller. Additionally, the amount of the Non-Cash Discount shall not exceed the value/cost of the applicable construction options or Lot premiums specified in (b)(i) above.

c. In the event Purchaser elects to use a mortgage lender other than NVR Mortgage Finance, Inc., Seller's Incentives listed in paragraph 11(b) above shall be eliminated. This shall not affect or alter Seller's obligations with regard to such portion of Closing Costs otherwise required to be paid by Seller in connection with VA guaranteed or FHA insured loans or by any other State statute or regulation. In addition, Purchaser's election to use a mortgage lender other than NVR Mortgage Finance, Inc. shall not delay Settlement.

d. All taxes and utility charges, including, without limitation, sewer and water benefit charges and other public dues, taxes and charges are to be adjusted to the date of Settlement and thereafter assumed by Purchaser. Purchaser shall have all utility services to the Property transferred into Purchaser's name, such transfer to be effective no later than the Actual Settlement Date.

e. Brokerage. Purchaser warrants to Seller that this sale was brought about solely by the sales personnel of Seller and that no outside broker or salesperson was the procuring cause of this sale, except _____ ("Agent") of _____ ("Broker"). Purchaser agrees to hold Seller harmless and to defend Seller against any claim for compensation of any kind made by any agent or broker in connection with this Agreement except for the Agent and Broker identified above.

Seller shall pay Broker a commission in the amount of either:

D % of \$ _____ ; or

O \$ _____ .

payable upon disbursement of funds at Settlement. Any commission due to Broker shall not be deemed earned until Settlement and Broker shall be paid by Seller from the Settlement proceeds.

12. Title.

a. Condition of Title. **Seller is the title holder or contract purchaser of the Property as of the effective date of this Agreement.** At Settlement, title to the Property shall be good and marketable, free and clear of any liens and judgments, fully insurable by a reputable American Land Title Association (ALTA) title insurance company at regular rates and subject to (i) easements, covenants, conditions and restrictions of record, (ii) any statutory lien for ad valorem taxes which are not yet levied, published, due or payable, (iii) any Governing Documents restricting the use and enjoyment of the Unit, (iv) zoning and other applicable laws and regulations, and (v) such facts as an accurate survey and personal inspection of the Unit would reflect, provided same do not render title uninsurable. Neither the Unit nor the Common Elements is subject to any ground rent.

b. Curing Defects. **If Seller does not hold title to the Property as of the date of this Agreement and does not acquire title to it within sixty (60) days prior to the Actual Settlement Date as defined in paragraph 10 of this Agreement, then Purchaser shall then have the right, at Purchaser's option, to either (i) terminate this Agreement by written notice to Seller, or (ii) waive Purchaser's right to terminate this Agreement in order to provide Seller additional time to obtain**

title to the Property and proceed to Settlement pursuant to the terms of this Agreement. **If Purchaser terminates this Agreement for Seller's failure to obtain title, Seller shall refund the Deposit plus the actual cost of all options which have been paid for by Purchaser and the actual cost of title search, mortgage-related fee(s) and survey incurred by Purchaser within ten (10) calendar days of Seller's receipt of Purchaser's written notice, subject to any Purchaser's check having been paid by Purchaser's bank to Seller, after which neither party shall have any further obligation or liability to the other.** If title cannot be delivered at Settlement in compliance with this paragraph 12 for any other title defects, and upon receipt of written notice by Purchaser, Seller may, but is not obligated to, determine that the title defects are of such character that they may readily be remedied by legal action. If Seller determines that such legal steps are a reasonable means to perfect title to the Unit, such actions, if Seller elects to undertake same, must be taken promptly by Seller, at Seller's sole expense. If Seller is unable to perfect title after taking reasonable legal actions within 180 days from the Estimated Settlement Date set forth in paragraph 10(a), Seller shall promptly notify Purchaser in writing. Purchaser shall then have the right, at Purchaser's option, to either (i) terminate this Agreement by written notice to Seller within ten (10) days after receipt of Seller's notice, or (ii) waive any title defects and proceed to Settlement. If Purchaser completes Settlement, Purchaser shall be deemed to have accepted title at the time Settlement occurs, assumed all responsibility for title matters, and expressly released Seller from all damages, losses, and responsibility on account of any defect in or failure of title. If Purchaser terminates the Agreement for title defects, Seller shall refund the Deposit plus the actual cost of all options which have been paid for by Purchaser and the actual cost of title search, mortgage-related fee(s) and survey incurred by Purchaser, subject to any Purchaser's check having been paid by Purchaser's bank to Seller, after which neither party shall have any further obligation or liability to the other. This subparagraph shall not survive Settlement.

c. Easements. The Unit is sold subject to easements, if any, created or to be created, prior to or after Settlement, for the installation of utilities, storm water management or drainage facilities, street lights and/or additional covenants, encumbrances, restrictions or easements which may be placed on record by the Seller, or the developer of the Condominium, before or after execution of this Agreement, for the benefit of the Unit and/or the Condominium. If such easements are required after Settlement, Purchaser agrees to cooperate with Seller in executing and delivering any and all documents related to such easements when and as requested. After Settlement, Purchaser grants Seller, or its designees, the right to enter upon the Unit and permission to perform all site work as may be required by local governmental authorities, for one (1) year following the closing of title to the Unit.

d. No Right to Purchase Until Unit Complete. Purchaser is purchasing the Unit from Seller only when the Unit is Substantially Complete. Seller is not acting as a contractor for Purchaser in the construction of the Unit. Purchaser shall acquire no right, title or interest in the Unit except the right and obligation to purchase the Unit, when Substantially Complete, in accordance with the terms of this Agreement. Seller retains all legal and equitable title to the Unit until delivery of the Deed at Settlement.

13. Default.

a. By Purchaser. If the Purchaser shall fail to make Settlement or otherwise is in breach or default under this Agreement, Seller may elect to keep the Deposit, not to exceed 10% of the Purchase Price, as liquidated damages and not as a penalty. If Seller keeps the Deposit as liquidated damages, this Agreement shall terminate and both parties shall thereafter be relieved from further liability hereunder. The parties constituting Purchaser shall be jointly and severally liable hereunder. If Purchaser breaches or defaults under this Agreement, Purchaser shall be responsible for all attorneys' fees incurred by Seller in enforcing this Agreement.

b. By Seller. In the event of breach of this Agreement by Seller due to events beyond Seller's control, Purchaser's sole remedy under this Agreement shall to terminate this Agreement and to receive a refund of the Deposit plus the actual cost of all options which have been paid for by Purchaser and the actual cost of title search, mortgage-related fee(s) and survey incurred by Purchaser, after which neither party shall have any further obligation or liability to the other. **UNLESS OTHERWISE PROHIBITED BY APPLICABLE LAW, IN NO EVENT WILL SELLER BE LIABLE FOR ANY NON-ECONOMIC DAMAGES OR ANY PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR FOR DAMAGES FOR DELAYS AND PURCHASER HEREBY RELEASES AND WAIVES ANY CLAIMS FOR SUCH DAMAGES. PURCHASER HEREBY RELEASES AND WAIVES ANY RIGHT TO DEMAND "SPECIFIC PERFORMANCE" BY SELLER OF THIS AGREEMENT.**

c. Late Settlement Charges. If Purchaser fails to take title to the Unit on the Actual Settlement Date as required in this Agreement, and Seller does not terminate this Agreement, then the unpaid balance of the Purchase Price shall be increased by a late settlement charge when Settlement actually occurs, unless Seller has waived the late settlement charge by written notice to Purchase. The late settlement charge will be computed at the rate of 1-1/2% of the unpaid balance per month, or any part thereof, from the date that Settlement was to have occurred until the date Settlement actually occurs, up to

a maximum of 10% of the Purchase Price. This late settlement charge shall be paid in full on the date Settlement actually occurs. This provision for a late settlement charge shall not be construed as a waiver on the part of Seller of any of Seller's rights or remedies under this Agreement or by law on account of a default by Purchaser.

14. **No Contingencies.** Unless otherwise provided by addendum attached to this Agreement, Purchaser agrees that this Agreement in no way is contingent upon the sale, rental, settlement or other disposition of any other property owned by Purchaser.

15. **Naturally Occurring Gases, Arsenic and Other Metals.** A small percentage of homes in the United States experience elevated levels of radon gas and/or methane gas or other naturally occurring gases. These are naturally occurring gases which rise up and escape from the soil. Residential buildings constructed with Tier 1 Radon municipalities must be constructed in accordance with the Radon Hazard Subcode which sets forth radon mitigation construction standards established by the New Jersey Department of Community Affairs and provides that no one who constructs a residential building in compliance with these standards shall thereafter be held liable for the presence of radon gas in the residential building or for any resultant losses or damage to persons or property.

The Unit is situated within the Township of Middle, which has been identified as a Tier 3 Radon municipality pursuant to N.J.A.C. 5:23-IOA. The Unit will, however, be constructed with inactive passive radon mitigation and vapor barrier system which can be made active following Settlement upon the installation of a fan by a certified, radon mitigation company, at the Purchaser's discretion.

In addition, the U.S. Geological Survey has shown that elevated levels of arsenic have been found throughout the State of New Jersey. These phenomena can occur in any home, regardless of the type of home or who builds it. The following provisions apply with respect to such gases and the sale of the Unit:

a. **No Seller Expertise; Availability of Information and Test Kits.** Seller claims no expertise in the measurement or reduction of these gases in homes or arsenic or other elemental metals which may exist in the ground, nor does Seller provide any advice to homeowners as to acceptable levels or possible health hazards of the gases, arsenic, or other elemental metals. As to radon, homeowners may wish to obtain a test kit that meets the EPA protocol for measuring the level of radon gas in their homes and/or have a licensed inspector administer such test. EPA publishes a list which provides information on EPA-approved suppliers of such test kits.

b. **Carbon Monoxide Detector.** Purchaser acknowledges that a carbon monoxide detector has been installed in the Unit as required under New Jersey Building Codes. Purchaser further acknowledges that the installation of the detector does not, in any manner, affect any obligations of NVR, Inc. under the Purchase Agreement and that Purchaser is responsible for maintaining the detector according to the manufacturer instructions.

Purchasers seeking further information should contact the U.S. Environmental Protection Agency or their state environmental protection office.

16. **Energy Efficiency and Possible Biological Impurities.**

a. **Impurities in General.** Modern homes, including the Unit, are built tightly to slow the escape of warm air in the winter and the escape of cool air in the summer. These tight construction techniques also help reduce the entrance into the home of certain naturally-occurring, organic, often airborne, and often invisible contaminants such as (without limitation) animal dander, dust, dust mites, fungi, all forms of mold, bacteria and pollen (collectively, "Impurities"). However, Impurities brought into the home (through the natural circulation of air, generated by or carried into the home by or upon people, animals or things, including building materials) can become trapped and actively grow in the tightly constructed home unless they are affirmatively removed. Moisture, either from leaks or from exposure to the elements during the construction process or after occupancy by the Purchaser, can lead to an addition in those Impurities in the home. For instance, as an example of the foregoing and without limitation, moisture from leaks into the interior of the house and the resulting wood rot (to the extent such leaks and wood rot would not be covered by Seller's limited warranty), either alone or in combination with certain variables such as the temperature and the type of cellulose wood products, can cause the development of mold and other Impurities to develop. Notwithstanding the foregoing, in the event that damage due to mold or excessive moisture is discovered by Purchaser during an inspection of the Unit prior to Closing, Seller shall be obligated to correct the damage prior to Purchaser's obligation to close on the Unit under the terms of this Agreement.

b. **Health Effects Disclosure.** Within the home, Impurities can cause allergies or other more serious health effects for the occupants. According to some experts, Impurities cannot be completely eliminated or excluded from residential construction such as the Unit. Despite the immediately preceding sentence, it is Purchaser's sole responsibility after Settlement on the Property to

implement periodic, careful inspections and maintenance procedures in an effort to minimize the existence and effect of Impurities within the Property. The Seller does not claim any expertise regarding the identification, remediation or possible health consequences of Impurities; if Purchaser would like more information, Purchaser should contact the U.S. Environmental Protection Agency, state or local authorities.

17. Oral Statements or Promises. Unless oral statements or promises are written into this Agreement, they are not enforceable under law. By including the terms below, the Purchaser and Seller are making them part of this Agreement and agree to abide by these terms. THIS SECTION SHOULD NOT BE LEFT BLANK IF YOU ARE RELYING ON ANY ORAL STATEMENTS OR PROMISES. The following oral statements or promises have been made by the Seller, the Seller's agent or the Purchaser. Performance of each of these statements or promises is incorporated into each party's obligation to fully perform the terms of this Agreement:

18. Insulation. The type, size and R value of insulation to be installed in the Unit shall be at least as shown on the chart below. R means resistance to heat flow; the higher the R value, the greater the insulation power.

LOCATION	R-VALUE*	TYPE**
Basement Slab · W/O Only	R-5	2' V & H Rigid Foam
Foundation Walls S.F.D.	R-11	3W' Fiberglass Batt
Exterior Walls	R-13	3W' Fiberglass Batt
Walls Adjacent to Unconditioned Space	R-11	3W' Fiberglass Batt
Floors Above Unconditioned Space	R-19	6 W' Fiberglass Batt
Garage Common Walls	R-13	3Yz" Fiberglass Batt
Floors at Overhangs (14" Frame)	R-30	9 Yz" Fiberglass Batt
	R-19	6 W' Fiberglass Batt
Floors at Overhangs (11-7/8" Frame)	R-38	12" Fiberglass Batt
Floors at Overhangs (10" Frame)	R-30	9W' Fiberglass Batt
Floors at Overhangs (8" Frame)	R-19	6W' Fiberglass Batt
Floors over Garages (14" Frame)	R-30	9W' Fiberglass Batt
	R-19	6 W' Fiberglass Batt
Floors over Garages (11-7/8" Frame)	R-38	12" Fiberglass Batt
Floors over Garages (10" Frame)	R-30	9 W' Fiberglass Batt
Floors over Garages (8" Frame)	R-19	6 W' Fiberglass Batt
Attics (flat)	R-30	12Yz" Blown Fiberglass or 8.11" Blown Stabilized Cellulose
Attics (cathedral)	R-30	9W' Fiberglass Batt

* This is a minimum rating; the R-value may be higher if required by local jurisdictions.

** Thickness of fiberglass insulation provided is based on U.S. Greenfiber, LLC Cocoon2 Stabilized Cellulose Insulation. Thickness may vary from manufacturer to manufacturer; however the R value will remain the same.

19. NOTIFICATION REGARDING OFF-SITE CONDITIONS.

a. Background; Availability of Lists. Pursuant to the "New Residential Construction Off-Site Conditions Disclosure Act," N.J.S.A. 46:3C-1, *et seq.* (P.L.1995, c.253), sellers of newly constructed residential real estate are required to notify purchasers of the availability of lists disclosing the existence and location of off-site conditions which may affect the value of the residential real estate being sold. The lists are to be made available by the municipal clerk of the municipality within which the residential real estate is located and in other municipalities which are within one-half mile of the residential real estate. The address(es) and telephone number(s) of the municipalities relevant to this project and the appropriate municipal offices where the lists are made available are listed below. Purchasers are encouraged to exercise all due diligence in order to obtain any additional or more recent information that they believe may be relevant to their decision to purchase the residential real estate. Purchasers are also encouraged to undertake an independent examination of the general area within which the residential real estate is located in order to become familiar with any and all conditions which may affect the value of the residential real estate.

MUNICIPALITY: Township of Middle
 ADDRESS: 33 Mechanic Street, Cape May Courthouse, New Jersey 08210

TELEPHONE NUMBER: (609) 465-8732

b. NOTICE TO PURCHASER. Purchaser has five (5) business days from the date the Agreement is executed by the Purchaser and the Seller to send notice of cancellation of this Agreement to the Seller. The notice of cancellation shall be sent by certified mail. The cancellation will be effective upon the notice of cancellation being mailed. If the Purchaser does not send a notice of cancellation to the Seller in the time or manner described above, the Purchaser will lose the right to cancel the Agreement as provided in this notice.

20. Attorney Review.

a. Study by Attorney. The Purchaser or the Seller may choose to have an attorney study this Agreement. If an attorney is consulted, the attorney must complete his or her review of the contract within a three-day period. This Agreement will be legally binding at the end of this three-day period unless an attorney for the Purchaser or the Seller reviews and disapproves of the Agreement or the Purchaser exercises his or her other rights under this Agreement to cancel this Agreement, including, but not limited to, the right to rescind this Agreement within seven (7) days from the date the Agreement is executed by the Purchaser and the Seller.

b. Counting the Time. You count the three days from the date of delivery of the signed Agreement to the Purchaser and the Seller. You do not count Saturdays, Sundays or legal holidays. The Purchaser and the Seller may agree in writing to extend the three-day period for attorney review.

c. Notice of Disapproval. If an attorney for the Purchaser or the Seller reviews and disapproves of this Agreement, the attorney must notify the Broker(s), if any, and the other party named in this Agreement within the three-day period. Otherwise this Agreement will be legally binding as written. The attorney must send the notice of disapproval by certified mail, by telegram, or by delivering it personally. The telegram or certified letter will be effective upon sending. The personal delivery will be effective upon delivery to the Seller's office. The attorney may but need not also inform the Seller of any suggested revisions in the Agreement that would make it satisfactory.

To be effective, the Notice of Disapproval must be sent to:

NVR, Inc. t/a Ryan Homes
1020 Laurel Oak Road, Second Floor
Voorhees, New Jersey 08043

21. Consumer Information Statement. Purchaser acknowledges receipt of the Consumer Information Statement on New Jersey Real Estate Relationships from the Seller prior to the first showing of the Property.

22. Subordination. Purchaser agrees that its rights under this Agreement are and shall be subordinate to those of Seller's construction lender for this Property, and Purchaser further agrees that this Agreement is and shall be subordinate to any lien placed on the Property by Seller's construction lender.

23. Successors and Assigns. This Agreement shall be binding on the parties and their heirs, legal representatives and permitted assigns. This Agreement cannot be assigned by Purchaser without the prior written consent of the Seller, which may be withheld at Seller's sole discretion.

24. Risk of Loss. Seller assumes the risk of loss or damage to the Unit by fire or other casualty until Settlement. If such loss or damage occurs, Seller may terminate this Agreement and refund the Deposit to Purchaser without further liability to Purchaser. Purchaser shall have no right to or interest in fire or other casualty or hazard insurance proceeds.

25. Megan's Law Statement. Under New Jersey law, the county prosecutor determines whether and how to provide notice of the presence of convicted sex offenders in an area. In their professional capacity, real estate licensees are not entitled to notification by the county prosecutor under Megan's Law and are unable to obtain such information for you. Upon Settlement the county prosecutor may be contacted for such further information as may be disclosable to you.

26. Time of the Essence. TIME IS OF THE ESSENCE FOR THIS AGREEMENT. This means that the failure to do what is required within the timeframes specified in this Agreement is a default under the Agreement.

27. Miscellaneous. The terms and conditions contained in this Agreement shall survive the Settlement.

28. Notices. All notices and communications under this Agreement shall be in writing, except as otherwise provided herein, and shall be deemed duly given on the date such notice is (i) mailed by U.S. postal service regular mail or certified mail, first class postage prepaid, (ii) delivered by an overnight courier by next day delivery, or (iii) sent by facsimile or electronic mail with transmission verification, or (iv) by personal delivery, if to Seller to the applicable Vice President's office, and if to Purchaser to his address given above. The parties shall be responsible for notifying each other of any change of address. This Agreement (including any notices thereof) shall not be recorded.

29. Applicable Law. This Agreement, its formation and enforceability shall be governed by the laws of the State of New Jersey without regard for conflicts of law principles.

30. Changes To Governing Documents -Power Of Attorney.

a. Amendment Provisions. The Governing Documents provide procedures for their amendment. They may be amended by the action of the owners of units in the Condominium and/or their elected representatives to the Association. There is also a procedure for amendment of the Governing Documents if an amendment is reasonably required by one of the following entities:

i. an eligible mortgage holder which has provided mortgage loans to homeowners;

ii. any title insurance company chosen by Seller to provide title insurance policies to Unit Owners; or

iii. a governmental or quasi-governmental body or agency which has authority over the Condominium or the Association and the conduct of their affairs.

b. Power of Attorney for Certain Amendments. If an amendment is required by one of the entities set forth in clauses (a) (i), (ii) or (iii) above, then Purchaser expressly agrees that Seller and/or the developer under the Master Deed is authorized, on behalf of Purchaser, to sign and record any document necessary to make the amendment effective. This authority is called a power of attorney. Seller and/or developer, in exercising this authority, is referred to as Purchaser's attorney-in-fact. Purchaser will also grant this power of attorney in the Deed to the Unit, and agrees that at Settlement, Purchaser will sign the power of attorney provisions set forth on the form of deed included with the Public Offering Statement. This power of attorney given by Purchaser will also be binding upon anyone who claims an interest in the Unit by or through Purchaser, such as a mortgagee, other lien holders, a purchaser, a tenant or someone with an interest through a will or by operation of law. If an amendment is requested by one of the entities set forth in clauses (a) (i), (ii) or (iii) above, there will be no necessity for Purchaser to sign any other document for an amendment made under the power of attorney granted by Purchaser to be effective.

c. Power Coupled With an Interest. Purchaser declares and acknowledged that the powers of attorney granted in this paragraph 30 are coupled with an interest in the subject matter. This means that Seller and/or the developer have caused or will cause the Governing Documents to be adopted, recorded and binding on the owners of all affected units for the mutual benefit of the owners of those units. Seller and the developer each have an interest in the Condominium and the amendment of the Governing Documents under the circumstances described. For this reason, the powers of attorney may not be revoked by Purchaser.

d. Additional Scope of Power of Attorney. In addition to the powers enumerated above, Seller and/or developer may use the power of attorney granted in this paragraph 30 for the following purposes, enumerated by way of description and not limitation:

i. Adding to or altering the location, size and/or purpose of easements and lands for utilities, road, access, egress, drainage and/or financing purposes.

ii. Permitting users or occupants of the lands owned by or controlled by any of them or their successors in title to use easements, roads, drainage facilities, utility lines and the like within or servicing all or any part of the Condominium on fair and equitable terms.

iii. Correcting, supplementing and providing technical changes to the Master Deed, and any of its exhibits amendments.

e. Limitation of Scope of Power of Attorney. Seller and/or developer may not use the power of attorney granted in this paragraph 30, without a separate written consent of Purchaser, if the amendment or supplement:

i. substantially changes the floor plan of the Unit;

11. changes the percentage interest in the Common Elements associated with the Unit;

iii. increases the financial obligations of Purchaser under the Governing Documents; or

iv. reserves any special privileges for Seller and/or developer which are not already contained in the Governing Documents.

f. Effectiveness of Amendment. No amendment shall be effective until recorded in the Office of the Clerk or Register of a County in which the Condominium is located.

g. Duration of Power of Attorney. The powers of attorney given by Purchaser under this paragraph 30 regarding the Governing Documents will be effective until the earlier to occur of (a) the Seller and/or developer conveys title to the last Unit held by it for sale in the ordinary course of business to a purchaser other than the Seller and/or developer, or their respective assigns; or (b) ten (10) years from the date of recordation of the Master Deed.

h. Condominium Plans. Purchaser acknowledges, by initialing next to each plan (collectively the "Plans"), that the following Plans have been shown to the Purchaser:

Architectural Floor Plan _____
Site Plan _____

The above Plans are believed to be accurate as of the date hereof; however, no warranties or representations whatsoever are made concerning the present or continuing accuracy of the Plans.

Purchaser acknowledges that the above Plans are subject to change and in order to obtain the most current and accurate information, the Purchaser should contact the appropriate governmental planning office.

31. Business Affiliation Disclosures.

i. Purchaser is advised that Seller has an affiliation with NVR Mortgage Finance, Inc. and that Purchaser has the right to obtain mortgage financing from any lender Purchaser chooses. As an incentive to encourage Purchaser to utilize NVR Mortgage Finance, Inc. for mortgage financing, Seller is willing to provide Purchaser with either a discount against the Purchase Price enumerated in paragraph 11 hereof ("Non-Cash Discount"), or provide Purchaser with a discount against cash due at Settlement, including financing and other Closing Costs ("Cash Discount"), or some combination thereof (collectively, the "Incentives").

ii. Purchaser is advised that NVR, Inc. ("Seller") has a business relationship with NVR Mortgage Finance, Inc. ("NVR Mortgage") and Legacy Title Agency, L.L.C. ("Legacy"). Specifically, NVR Mortgage is a wholly-owned subsidiary of Seller and NVR Settlement Services, Inc., a wholly-owned subsidiary of NVR Mortgage, is a member of Legacy Title Agency, L.L.C.. Because of this relationship, this referral may provide Seller a financial or other benefit.

m. Listed below is the estimated charge or range of charges for the services listed. Purchaser is NOT required to use the listed provider(s) as a condition for the purchase of the Property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. PURCHASER IS FREE TO SHOP AROUND TO DETERMINE THAT HE OR SHE IS RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

Description of Charge	Estimated Charges
1. Application fee	\$300.00 to \$650.00
2. Loan origination fee	1% to 2%
3. Credit report	\$25.00 to \$100.00
4. Appraisal	\$250.00 to \$500.00
5. Title exam fee	\$100.00 to \$500.00
6. Settlement or closing fee	\$250.00 to \$500.00
7. Lender's title insurance premium	\$325.00 to \$2,250.00
8. Owner's title insurance premium	\$450.00 to \$3,900.00

Purchasers Initials

—

I/We have read the above-referenced disclosure, and understand that Seller is referring me/us to purchase the above-described settlement services and may receive a financial or other benefit as the result of this referral.

Date

Purchaser

Date

Purchaser

32. Egress Window. _____ Check if applicable. Purchaser has elected not to have the Unit built with a finished basement and has elected not to have an egress window installed in the basement. Purchaser acknowledges that the Unit is or may become subject to the International Residential Code ("I.R.C") which requires that a finished basement must have an egress window.

Purchaser acknowledges that Seller offered Purchaser the option to have an egress window installed in the basement during construction of the home, and that Purchaser declined this option.

The cost to install an egress window after the initial construction of the home will likely be significantly more than the cost of installing an egress window during construction of the home. In the event Purchaser desires to finish the basement at a later date, Purchaser may be required to install an egress window to obtain a permit for a finished basement. The installation and cost of any such required egress window shall be the sole responsibility of the Purchaser.

33. Garage. Purchaser has been advised that the garage constructed on the Unit, or the additional parking pad adjacent to the garage if applicable, may not accommodate some vehicles. In addition, depending on the topography of the Unit, a landing and stairs may extend from the Unit into the garage. No representations or warranties whatsoever have been made concerning Purchaser's ability to park any vehicle inside the garage or adjacent parking pad.

34. Elevated Plumbing Waste Pipes. Purchaser has been advised that the elevated plumbing waste pipes installed in the Unit will cause the finished basement room dimensions, if applicable, to vary approximately 6" from the plans and specifications due to the routing of these pipes which carry waste from the first and second floor of the Property, if applicable, to the exterior sewer lines serving the Condominium. Furthermore, if the Purchaser selects a finished basement bathroom or a plumbing rough-in for a future finished basement bathroom, the location of the ejector pit/pump may cause finished basement room dimensions to vary from the plans and specifications due to its location and pipe routing. An additional closet may be required to house the ejector pit if it is located within the finished basement area. The ejector pit/pump installed will be electric powered and therefore will not operate during a power outage.

35. Seasonal Conditions. Purchaser is advised that in the event the Unit is not occupied for an extended period, particularly during variable temperature and weather conditions, Purchaser is responsible for taking all reasonable steps necessary to protect the Unit from damage which can be caused by such variable temperatures and weather conditions, such as, but not limited to, frozen pipes and water leaks. It is recommended that at no time should the Unit be left unheated. In addition, the water heater (gas or electric) supply should be turned off. Also, the main water supply should be turned off and the house water lines and exterior hose bibs must be drained. In no event shall Seller be responsible for any damage to the Unit resulting from or otherwise attributable to the Unit remaining unoccupied for any extended period following the Closing.

36. Natural Materials. Purchaser is advised that there are unavoidable imperfections that occur in the use of natural materials such as wood, marble, granite and brick. These imperfections include, but are not limited to, variations in color, grain, texture, veins and finish. In addition color, texture, and other qualities of natural materials can change over time. Due to the imperfections in natural materials, there will likely be non-uniform characteristics found in hardwood flooring, rails and stairs, wood cabinets, marble fireplace surrounds, granite countertops, and brick that may be installed in your Unit. Any of these products installed in Purchaser's Unit may vary from samples shown. Seller makes no representation or warranty as to color, grain, texture, finish or other imperfections that may occur in the use of natural materials and Purchaser accepts these inherent risks associated with the use of products made with natural materials. Changes in characteristics in these materials which occur naturally over time are not covered by the Seller's Limited Warranty.

37. Entire Agreement. This Agreement and the Application for Registration for the Condominium filed with the New Jersey Department of Community Affairs, and the documents listed below, contain the entire Agreement. No other prior or contemporaneous agreements, representations, promises or terms (written or oral) are part of this Agreement, but are superseded by this written

Agreement. No additions or changes to this Agreement shall be valid or binding unless signed by an authorized officer of Seller and Purchaser. The invalidity of any provision of this Agreement shall not affect the validity or enforceability of any other provision set forth herein.

Master Selection Sheet (sample attached for Beethoven model)

Change Order Addendum

Waiver of Change Order Period Addendum

Cash Addendum

Election Not To Use Affiliated Entities Addendum

Election to Use Affiliated Entities Addendum

Residence Type Addendum

Closing Costs Addendum

Approvals Addendum

FHA/VA Addendum

38. Binding Effect of Agreement. THIS IS A LEGALLY BINDING CONTRACT. READ AND UNDERSTAND ALL PROVISIONS PRIOR TO SIGNING. IF NOT UNDERSTOOD SEEK LEGAL OR OTHER COMPETENT ADVICE. PURCHASER ACKNOWLEDGES THAT THIS AGREEMENT, AS SIGNED BY PURCHASER ALONE, CONSTITUTES AN OFFER TO PURCHASE AND THAT THIS AGREEMENT SHALL NOT BE BINDING UPON SELLER UNTIL EXECUTED BY A VICE PRESIDENT OF SELLER. THE SALESPERSON OR REPRESENTATIVE RECOMMENDING APPROVAL IS NOT SUCH A VICE PRESIDENT. PURCHASER'S OFFER SHALL BE REVOCABLE ONLY BY WRITTEN NOTICE OF REVOCATION GIVEN TO AND RECEIVED BY SELLER'S APPLICABLE VICE PRESIDENT PRIOR TO ACCEPTANCE BY SELLER. SELLER IS NOT REQUIRED TO PROVIDE NOTICE OF ITS ACCEPTANCE TO PURCHASER AND ACCEPTANCE OCCURS UPON SIGNATURE BY SELLER'S VICE PRESIDENT.

39. Receipt and Review of Public Offering Statement and Governing Documents. Purchaser acknowledges that Purchaser has received the Public Offering Statement for The Fairways at Laguna Oaks, a Condominium which includes the Governing Documents for the Condominium Association, the Budget for the Association and any Rules and Regulations for the Condominium Association, any amendments thereto, and the following documents, if applicable:

Other: _____

40. NOTICE TO PURCHASER. YOU HAVE THE RIGHT TO CANCEL THIS CONTRACT OR AGREEMENT BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO SELLER BY MIDNIGHT OF SEVENTH (7th) CALENDAR DAY FOLLOWING THE DAY ON WHICH IT IS EXECUTED. SUCH CANCELLATION IS WITHOUT PENALTY, AND ALL MONIES PAID BY YOU SHALL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

PURCHASER:

Date: _____

Date: _____

SELLER:
NVR, INC. t/a Ryan Homes

Date: _____

By: _____
Vice President

CHANGE ORDER ADDENDUM TO PURCHASE AGREEMENT

Addendum made this _____ day of _____, 20 to a Purchase Agreement by and between NVR, INC. t/a Ryan Homes ("Seller") and _____ and _____ collectively, "Purchaser"), dated _____, 20__ (the "Agreement").

The undersigned Purchaser and Seller hereby agree to the following:

1. The Agreement is hereby amended to include the changes to the Unit specified below:

Add/ Delete	Code	Description	Charge
			\$
		Total	\$

2. The changes above result in an **D** Increase **D** Decrease of \$ _____ to the Purchase Price. The Purchase Price is hereby changed from \$ _____ to \$ _____. This shall result in a change in the mortgage amount to \$ _____. Purchaser is responsible for any additional cash required at Settlement as a result of the above changes.

D The Deposit is hereby increased to \$ _____

3. Purchaser understands that the above changes may require revisions to the blueprints or other modifications to the home in order to accommodate the changes and Purchaser hereby accepts these required revisions and/or modifications.

4. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

Date: _____

Date: _____

SELLER:
NVR, INC. t/a Ryan Homes

Date: _____

By: _____
Vice President

SUBCONTRACTORS TO BE NOTIFIED:

Construction has started (Circle one): YES or NO

Lot ____ Block _____

Community _____

WANER OF CHANGE ORDER PERIOD
ADDENDUM TOPURCHASE AGREEMENT

Addendum made this _____ day of _____, 20 to a Purchase Agreement by and between NVR, INC. t/a Ryan Homes ("Seller") and _____ and _____ (collectively, "Purchaser"), dated (the "Agreement").

The undersigned Purchaser and Seller hereby agree to the following:

Purchaser hereby waives all rights to submit any change requests **D** for structural items only D for all items as of the date following their signature below in order to allow construction of the home to begin. Purchaser acknowledges that the selections made as of this date are final. Seller makes no representations or warranties of the actual date of the start of construction due to permitting, weather and other conditions which are not within Seller's control.

All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

DATE: _____

DATE: _____

SELLER:
NVR, INC. t/a Ryan Homes

DATE: _____

By: _____
Vice President

Lot _____ Block _____

Community _____

CASH ADDENDUM TO PURCHASE AGREEMENT

Addendum made this _____ day of _____ '20 to a Purchase Agreement by and between NVR, INC. t/a Ryan Homes ("Seller") and _____ and _____ (collectively, "Purchaser"), dated _____ (the "Agreement").

The undersigned Purchaser and Seller hereby agree to the following:

1. Purchaser has elected not to obtain a mortgage loan for the purchase of the Property and shall pay the Purchase Price, in accordance with Paragraph 2 of the Agreement, in cash or other immediately available funds. Purchaser may be required, at any time, to provide proof of available funds acceptable to Seller in Seller's sole discretion.

2. Paragraph 4. Mortgage Loan of the Agreement is hereby deleted in its entirety.

3. Paragraph 11(b) is hereby amended to require that Seller shall provide Purchaser with either a discount against the Purchase Price enumerated in Paragraph 2 hereof ("Non-Cash Discount"), or provide Purchaser with a discount against cash due at Settlement, including financing and other Closing Costs ("Cash Discount"), or some combination thereof (collectively, the "Incentives"), as follows:

(i) Non-Cash Discount: \$ _____ to be applied as shown on the Master Selection Sheet, the effect of which is a dollar per dollar reduction to the Purchase Price Contained in Paragraph 2 thereof;

(ii) Cash Discount: \$ _____ towards Closing Costs, including mortgage discount points, filing fees, or other financing-related cash payment due from Purchaser as permitted by applicable law; and

(iii) The provision of the Incentives is not conditioned upon the use of a mortgage lender. The amount of the Cash Discount shown in (ii) above shall not exceed the actual amount of Closing Costs required to be paid by Purchaser at Settlement. It is the intent of this provision that there shall be no cash payment to Purchaser at Settlement. Notwithstanding the foregoing, any amount set forth in (ii) above shall be reduced by an amount equal to any Closing Costs that are required by State law or regulation to be paid by Seller. Additionally, the amount of the Non-Cash Discount shall not exceed the value/cost of the applicable construction options or Lot premiums specified in (i) above.

4. Paragraph 11(c) is hereby deleted in its entirety.

5. In the event Purchaser changes financing to include a mortgage loan, this Addendum shall be null and void.

6. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

DATE: _____

DATE: _____

SELLER: NVR, INC. t/a Ryan Homes

DATE: _____

By: _____ Vice President

**ELECTION NOT TO USE AFFILIATED ENTITIES
ADDENDUM TO PURCHASE AGREEMENT**

Addendum made this _____ day of _____, 20____ to a Purchase Agreement by and between NVR, INC. t/a Ryan Homes ("Seller") and _____ and _____ (collectively, "Purchaser"), dated _____, 20____ (the "Agreement").

The undersigned Purchaser and Seller hereby agree to the following:

1. Pursuant to the Agreement, Seller has offered certain incentives to Purchaser if Purchaser elects to utilize NVR Mortgage Finance, Inc. ("NVRM") which is an affiliate of Seller.
2. Purchaser has elected to use a mortgage lender other than NVRM.
3. Despite anything to the contrary in the Agreement, Seller shall pay the Settlement costs or other incentive listed below, at Settlement.

\$ _____ towards Settlement costs;

\$ _____ to be applied towards _____

The amount of the contributions shown in (i) above shall not exceed the actual amount of Settlement costs charged. If the total amount of Settlement costs actually charged are less than the contribution shown, the amount of the contribution shall be reduced accordingly.

4. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

Date: _____

Date: _____

SELLER:
NVR, INC. t/a Ryan Homes

Date: _____

By: _____
Vice President

ELECTION TO USE AFFILIATED ENTITIES
ADDENDUM TO PURCHASE AGREEMENT

Addendum made this _____ day of _____, 20____ to a Purchase Agreement by and between NVR, INC. t/a Ryan Homes ("Seller") and _____ and _____ (collectively, "Purchaser"), dated _____, 20__ (the "Agreement").

The undersigned Purchaser and Seller hereby agree to the following:

1. Purchaser has elected to utilize NVR Mortgage Finance, Inc. ("NVRM"), an affiliate of Seller. Seller shall pay the Settlement costs or other incentives listed below, at Settlement.

\$ _____ towards mortgage discount point(s) provided Purchaser makes application in connection with the financing required under paragraph 4 hereof;

\$ _____ towards Settlement costs;

\$ _____ to be applied towards _____

For purposes of this Agreement, Settlement costs are defined as all costs associated with Settlement including, but not limited to, escrow and pro rata items such as tax pro ration and tax escrows, fire insurance premiums, mortgage insurance premiums, mortgage interest, title examination, survey and lender fees, title insurance binder costs and policy premiums, costs of document preparation, attorneys' fees, settlement fees, notary fees and messenger fees. The amount of the contributions shown in (i) and (ii) above shall not exceed the actual amount of mortgage discount points and/or Settlement costs charged. If the total amount of mortgage discount points and/or Settlement costs actually charged are less than the contributions shown, the amount of the contributions shall be reduced accordingly.

2. In the event Purchaser elects to use a mortgage lender other than NVRM, Seller's cash incentives and/or closing cost contributions shall be reduced by \$ _____ and will not include _____

3. The Purchase Price as defined in paragraph 2 of the Agreement shall be increased from \$ _____ to \$ _____

4. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

Date: _____

Date: _____

SELLER:
NVR, INC. t/a Ryan Homes

Date: _____ By: _____
Vice President

Lot _____ Block _____

Community _____

RESIDENCE TYPE ADDENDUM TO PURCHASE AGREEMENT

Addendum made _____ day of _____ '20 to a Purchase Agreement by and between NVR, Inc. t/a Ryan
this _____

Homes ("Seller") and _____ and _____ (collectively, "Purchaser"), dated
_____ (the "Agreement") with respect to certain property ("Property") as defined in the Agreement.

The undersigned Purchaser and Seller hereby agree to the following:

- 1. Purchaser hereby acknowledges that [CHECK BOX A, B, C OR D BELOW]:
 - A. Purchaser is acquiring the Property as Purchaser's principal residence and will occupy and reside in the Property.
 - B. Purchaser is acquiring the Property as a model home pursuant to the attached Model Home Addendum.
 - C. Purchaser is acquiring the Property as a second home.
 - D. Purchaser is acquiring the Property as an investor. The Property will not be the Purchaser's principal residence. The Purchaser will not occupy and reside in the Property. The Property is not being acquired by Purchaser as a second home.
- 2. Purchaser hereby represents and warrants to Seller the truth and accuracy of Purchaser's acknowledgment contained in paragraph 1 immediately above and understands and agrees that the truth and accuracy of the acknowledgement, as provided by Purchaser, is being relied upon by Seller and has been a material inducement to Seller's entering into the Agreement. For purposes of this Addendum (including the application of the paragraphs below) if Purchaser's acknowledgement contained above in paragraph 1 is not true and accurate, or if Purchaser's status changes prior to Settlement, Purchaser shall be deemed to have checked the box in paragraph 1 that truly and accurately reflects the circumstances involving the Purchaser's acquisition of the Property. In such event, Seller may require the Purchaser to increase the Deposit, at the Seller's discretion. Under such circumstances, the Deposit increase shall be due and payable to the Seller within ten (10) days after Seller's request for such additional Deposit is made. Purchaser's failure to fund any such increase of the Deposit shall be deemed to be a material breach of the Agreement.
- 4. Except as specifically provided by this Addendum, all other terms and conditions of the Agreement (and any exhibits, addendum and amendments thereto) shall remain unchanged and in full force and effect. Capitalized terms contained in this Addendum shall have the meaning ascribed to them in the Agreement.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

DATE: _____

DATE: _____

SELLER:

NVR, INC. t/a Ryan Homes

DATE: _____

By: _____
Its: Vice President and Division Manager

Purchasers Initials

Lot _____ Block _____

Community _____

CLOSING COSTS ADDENDUM TO PURCHASE AGREEMENT

Addendum made this _____ day of _____ 20_____ to a Purchase Agreement by and between NVR, INC. t/a

Ryan Homes ("Seller") _____ and _____ (collectively, "Purchaser"), dated _____ (the "Agreement").

The undersigned Purchaser and Seller hereby agree to the following (check the box which applies):

- D 1. As included on the Master Selection Sheet, the Purchase Price includes \$ _____ for Closing Costs that are being financed solely at the request of the Purchaser as part of the Purchase Price. After selecting the model, location and other options for the Property, a Purchase Price of \$ _____ was established. After consideration of Purchaser's finances, anticipated expense and the like, Purchaser determined that it would be preferable to increase the Purchase Price in order to finance Purchaser's Closing Costs, thereby increasing the Purchase Price by \$ _____
- D 2. At the request of the Purchaser, Seller has agreed to increase the Purchase Price by \$ _____ (the "Additional Assistance") to \$ _____ so that Purchaser can finance all/or part of his Closing Costs. The Additional Assistance will be utilized at Settlement solely for payment of Closing Costs as defined in the Agreement.
- 3. The payment and financing of Closing Costs pursuant to this Addendum is not contingent upon the use of NVR Mortgage Finance, Inc. or any other affiliate of the Seller.
- 4. The increase in the Purchase Price pursuant to paragraph 1 or 2 above is expressly conditioned upon the appraised value of the Property being at or above the Purchase Price less the Non-Cash Discount (as defined in the Agreement), if applicable. In the event the appraised value of the Property is less than the Purchase Price less the Non-Cash Discount, if applicable, this Addendum shall be null and void and Purchaser shall be required to pay the Closing Costs from Purchaser's funds.
- 5. Purchaser acknowledges that not all lenders allow the Purchase Price to be increased for financed closing costs, and consequently any requested mortgage financing may be declined. The interest rate on the Purchaser's mortgage loan may be higher than it would otherwise be if closing costs were not being financed at Purchaser's request and Purchaser will have higher monthly payments, a larger mortgage and will pay more interest and finance charges over the life of the mortgage loan. Additionally, this increase in the Purchase Price could result in higher real estate taxes or assessments on the Property. Purchaser further acknowledges that the Closing Costs being added to the Purchase Price will increase the mortgage loan amount, may result in a higher annual percentage rate on the mortgage loan, may require a higher amount of hazard insurance, private mortgage insurance or any other type of insurance obtained in connection with the purchase and financing of the Property and may increase the Purchaser's Closing Costs.
- 6. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

DATE: _____

DATE: _____

SELLER:
NVR, INC. t/a Ryan Homes

DATE" _____

By: _____
Vice President

APPROVALS ADDENDUM

The undersigned Purchaser has received a copy of the Resolution of the Township of Middle Planning Board Preliminary and Final Site Plan Approval for the Condominium, attached hereto.

ACKNOWLEDGED BY PURCHASER:

Purchaser: _____

Purchaser: _____

Date: _____

FHANA ADDENDUM TO PURCHASE AGREEMENT

Addendum made this _____ day of _____, 20____ to a Purchase Agreement by and between NVR, Inc., t/a Ryan Homes ("Seller") and _____ and _____ (collectively, "Purchaser"), dated _____ (the "Agreement" or "Contract").

The undersigned Purchaser and Seller hereby agree to the following:

1. Purchaser shall obtain a _____ VA guaranteed _____ FHA guaranteed mortgage loan secured by the property in the amount of the Purchase Price defined in the Agreement.
2. Purchaser agrees to pay all costs and charges in connection with the VA or FHA loan in accordance with VA or FHA regulations, including, but not limited to, loan original fees, funding fees, and mortgage insurance premiums, as applicable. Lender's fees charged to the Seller shall be paid by Seller.
3. It is expressly agreed that notwithstanding any other provisions of this Contract, The Purchaser shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the Purchaser has been given in accordance with HUD/FHA or VA requirements a written statement issued by the Federal Housing Commissioner, Department of Veteran's Affairs or a Direct Endorsement lender setting forth the appraised value of the Property of not less than \$ _____.¹ The Purchaser shall have the privilege and option of proceeding with consummation of the Contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the Property. The Purchaser should satisfy himself/herself that the price and the condition of the Property are acceptable.
4. If Purchaser is obtaining a VA guaranteed loan, the Deposit paid by an eligible veteran shall be placed in a trust account pursuant to Title 38, U.S. Code, Section 3706.
5. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

This Addendum, upon execution by both parties, is herewith made an integral part of the aforementioned Agreement.

PURCHASER:

Date: _____

Date: _____

Seller:
NVR, INC. t/a Ryan Homes

Date: _____

By: _____
Vice President

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¹ The number shown is the Purchase Price to be paid at Settlement less the Non-Cash Discount, all as defined in the Agreement.

CERTIFICATION

KNOW ALL MEN BY THESE PRESENTS, that TITLE AMERICA AGENCY CORP. ("Escrow Agent"), with an office at 185 West White Horse Pike, Berlin, New Jersey 08009, does hereby certify that:

WHEREAS, TITLE AMERICA AGENCY is acting as the Escrow Agent in relation to the certain plained real estate developments (collectively, referred to as the "Project") being developed by NVR, INC. d/b/a Ryan Homes (hereinafter, the "Sponsor") and pursuant to a certain Escrow Agreement, dated 10/14/2016, 2016, attached hereto as Exhibit "A";

WHEREAS, Escrow Agent, through its affiliated entity, Legacy Title Agency, has a business relationship with the Sponsor;

WHEREAS, Escrow Agent will hold and release any and all deposit monies deposited with Escrow Agent in accordance with the terms of the purchase agreements executed by and between Sponsor and contract purchasers of Units in the Project; and that certain Escrow Agreement executed by and between Sponsor and the Escrow Agent, 10/14/2016, 2016, and attached hereto as Exhibit "B";

WHEREAS, Sponsor has obtained a Surety Bond for Condominium Deposits, Bond No. 1000937123, attached hereto as Exhibit "B", effective March 14, 2012, in the amount of Three Million Dollars (\$3,000,000.00) from U.S. Specialty Insurance Company, a surety licensed by the New Jersey Department of Banking and Insurance, with offices at 601 S. Figueroa Street, Suite 1600, Los Angeles, CA 90017, and a telephone number of (860) 284-4623;

WHEREAS, Escrow Agent shall assure that that at all times said bond is adequate to cover all deposit monies released by Escrow Agent to Sponsor;

WHEREAS, the DCA does not guarantee the adequacy of said bond;

WHEREAS, upon information and belief the Escrow Agreement and deposit bonds must be approved by the DCA prior to registration of the Project by DCA; and

WHEREAS, upon information and belief registration of the Project is conditioned upon this certification.

THEREFORE, IN WITNESS WHEREOF, Escrow Agent has caused these presents to be duly signed and sealed by its proper officer this 15 day of April, 2016.

WITNESS:

ESCROW AGENT:

TEXTLE AMERICA AGENCY CORP.

By: _____
Name: **ruchal'd iet** :

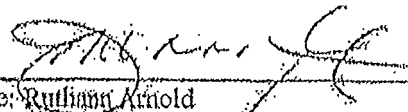
By: 
Name: **Ruthann Arnold**
Title: **Executive Vice President**

Exhibit "A"
LIST OF DEVELOPMENTS

1. HEARTHSTONE AT WOODFIELD, A PLANNED COMMUNITY, located in the Township of Pemberton, County of Burlington, consisting of 142 units; and
2. RIVER'S EDGE AT DELANCO, A CONDOMINIUM, located in the Township of Delanco, County of Burlington, consisting of 259 Units; and
3. HEARTHSTONE AT HILLSBOROUGH, A CONDOMINIUM, located in the Township of Hillsborough, County of Somerset, consisting of 185 Units; and
4. SPRING RIDGE, A PLANNED COMMUNITY A/K/A SPRING RIDGE MANOR (Single Family), located in the Borough of Swedesboro County of Gloucester, consisting of 20 Units; and
5. SPRING RIDGE, A PLANNED COMMUNITY A/K/A VILLAGES AT SPRING RIDGE (Townhouses), located in the Borough of Swedesboro, County of Gloucester consisting of 118 Units ; and
6. GREENWICH CROSSING, A PLANNED COMMUNITY located in the Township of East Greenwich, County of Gloucester, consisting of 315 (155 Single Family) (160 Townhouse Units); and
7. LEGACY AT MEADOWCROFT, AN AGE-RESTRICTED, PLANNED COMMUNITY, located in the Township of Florence, County of Burlington consisting of 112 Units; and
8. LEGACY AT WATERFORD PINES, AN AGE-RESTRICTED, PLANNED COMMUNITY, located in the Township of Waterford, County of Camden, consisting of 88 Units; and
9. CINNAMINSON HARBOUR VILLA HOMES CONDOMINIUM AND CINNAMINSON HARBOUR CARRIAGE HOMES CONDOMINIUM, each located in the Township of Cinnaminson, County of Burlington consisting of 124 Townhouse Units and 112 Condominium Units; and
10. HARMONY GLEN, A CONDOMINIUM, located in Middletown Township, Monmouth County, consisting of 90 Units; and
11. PARKVIEW AT TINTON FALLS, A CONDOMINIUM, located in Borough of Tinton Falls, Monmouth County, consisting of 27 Units; and
12. MIDDLETOWN CROSSINGS, A CONDOMINIUM, located in the Middletown Township, Monmouth County, consisting of 21 Units; and

13. COOPER CROSSINGS, A CONDOMINIUM, located in the City of Trenton, Mercer County, consisting of 88 Units; and
14. VILLAGE TOWNHOMES AT AMBERLEIGH, A CONDOMINIUM, located in the Township of Monroe, Gloucester County, consisting of 92 Units; and
15. SPARTA VILLAGE, A CONDOMINIUM, located in the Township of Sparta, Sussex County, consisting of 24 Units; and
16. LEGACY AT CAPE MAY CONDOMINIUM, an Age-Restricted Condominium, located in the Township of Middle, Cape May County, consisting of 176 Units; and
17. SWEETBRIAR, A CONDOMINIUM, located in the Township of Brick, Ocean County, consisting of 16 Units; and
18. KING'S CROSSING, A CONDOMINIUM, located in the City of Vineland, Cumberland County, consisting of 83 Units; and
19. LEGACY AT WOODLAKE GREENS, Part of Phase II of HORIZONS AT WOODLAKE GREENS, located in the Township of Lakewood, Ocean County, consisting of 30 Units; and
20. MORRIS WOODS AT THOMASTOWN COURTS, Phase II of THOMASTOWN COURTS, A CONDOMINIUM, located in Township of Mine Hill, County of Morris, consisting of 48 Units; and
21. COOPERTOWNE VILLAGE, located in Borough of Somerdale, County of Camden, consisting of 122 Units; and
22. SHARPS RUN SENIORS, located in the Township of Evesham, County of Burlington, consisting of 38 of the 79 Units; and
23. CINNAMINSON HARBOUR TOWNHOMES CONDOMINIUM, located in the Township of Cinnaminson, County of Burlington, consisting of 28 Units; and
24. THE BLUFFS AT ABERDEEN, located in the Township of Aberdeen, County of Monmouth, consisting of 78 of the 115 Units; and
25. ROSE GLEN, located in the Borough of Tinton Falls, County of Monmouth, consisting of 248 Units; and
26. RIVERWOOD CHASE, located in the Township of Toms River, County of Ocean, consisting of 200 Units; and
27. HAMILTON CHASE, located in the Township of Hamilton, County of Mercer, consisting of 133 Units; and

28. REGENCY COURT, located in the Township of Cherry Hill, County of Burlington, consisting of 36 Units; and
29. THE VILLAS AT BROADACRES CONDOMINIUM, located in the Township of Gloucester, County of Camden, consisting of 42 Units;
30. TOWNE SQUARE AT WILTON'S CORNER, located in the Township of Winslow, County of Camden, consisting of 28 of the 122 Units;
31. THE RESERVE AT WILTON'S CORNER, PHASE VI, located in the Township of Winslow, County of Camden, consisting of 10 of the 73 Units;
32. NEW VISIONS (also known as "The Brownstones @ New Visions"), located in the Township of Brick, County of Ocean, consisting of 170 Units;
33. THE ORCHARDS AT AURA, located in the Township of Elk, County of Gloucester, consisting of 100 of the 343 Units;
34. BAYSIDE AT SOUTH AMBOY, located in the City of South Amboy, County of Middlesex, consisting of 50 Units;
35. HIDDEN LAKE VILLAGE, located in the Township of Burlington, County of Burlington, consisting of 30 of 47 Units;
36. SHADOW WOODS, located in the Borough of Mount Arlington, County of Mon-is, consisting of 60 Units;
37. THE FAIRWAYS AT LAGUNA OAKS, located in the Township of Middle, County of Cape May, consisting of 45 Units;

Exhibit "B"
ESCROW AGREEMENT

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ESCROW AGREEMENT

AGREEMENT made this *{fryj}/ c29..*, 2016, by and between NVR, INC., doing business in New Jersey as **R** IN HOMES, a corporation of the State of Virginia, with offices located at 3349 Highway 138, Building B, Suite D, Wall Township, New Jersey 07719 and 1020 Laurel Oak Road, Second Floor, Voorhees, New Jersey 08043 (hereinafter referred to as the "Developer") and TITLE AMERICA AGENCY CORP., having an office at 185 West White Horse Pike, Berlin, New Jersey 08009 (hereinafter referred to as the "Escrow Agent").

WITNESSETH:

\WHEREAS, the Developer is the owner of certain planned real estate developments as more particularly described on Exhibit "A" attached hereto:

1. HEARTHSTONE AT \WOODFIELD, A PLANNED COMMUNITY, located in the Township of Pemberton, County of Burlington, consisting of 142 units; and
2. RIVER'S EDGE AT DELANCO, A CONDOMINIUM, located in the Township of Delanco, County of Burlington, consisting of 259 Units ; and
3. HEARTHSTONE AT HILLSBOROUGH, A CONDOMINIUM, located in the Township of Hillsborough, County of Somerset, consisting of 185 Units; and
4. SPRING RIDGE, A PLANNED COMMUNITY NK/A SPRING RIDGE MANOR (Single Family), located in the Borough of Swedesboro County of Gloucester, consisting of 20 Units; and
5. SPRING RIDGE, A PLANNED COMMUNITY NK/A VILLAGES AT SPRING RIDGE (Townhouses), located in the Borough of Swedesboro, County of Gloucester consisting of 118 Units ; and
6. GREEN\VICH CROSSING, A PLANNED COMMUNITY located in the Township of East Greenwich, County of Gloucester, consisting of 315 (155 Single Family) (160 Townhouse Units); and
7. LEGACY AT MEADOWCROFT, AN AGE-RESTRICTED, PLANNED COMMUNITY, located in the Township of Florence, County of Burlington consisting of 112 Units; and
8. LEGACY AT \WATERFORD PINES, AN AGE-RESTRICTED, PLANNED COMMUNITY, located in the Township of Waterford, County of Camden, consisting of 88 Units; and
9. CINNAMINSON HARBOUR VILLA HOMES CONDOMINIUM AND CINNAMINSON HARBOUR CARRIAGE HOMES CONDOMINIUM, each located in the Township of Cinnaminson, County of Burlington consisting of 124 Townhouse Units and 112 Condominium Units; and

10. HARMONY GLEN, A CONDOMINIUM, located in Middletown Township, Monmouth County, consisting of 90 Units; and
11. PARKVIEW AT TINTON FALLS, A CONDOMINIUM, located in Borough of Tinton Falls, Monmouth County, consisting of 27 Units; and
12. MIDDLETOWN CROSSINGS, A CONDOMINIUM, located in the Middletown Township, Monmouth County, consisting of 21 Units; and
13. COOPER CROSSINGS, A CONDOMINIUM, located in the City of Trenton, Mercer County, consisting of 88 Units; and
14. VILLAGE TOWNHOMES AT AMBERLEIGH, A CONDOMINIUM, located in the Township of Monroe, Gloucester County, consisting of 92 Units; and
15. SPARTA VILLAGE, A CONDOMINIUM, located in the Township of Sparta, Sussex County, consisting of 24 Units; and
16. LEGACY AT CAPE MAY CONDOMINIUM, an Age-Restricted Condominium, located in the Township of Middle, Cape May County, consisting of 176 Units; and
17. SWEETBRIAR, A CONDOMINIUM, located in the Township of Brick, Ocean County, consisting of 16 Units; and
18. KING'S CROSSING, A CONDOMINIUM, located in the City of Vineland, Cumberland County, consisting of 83 Units; and
19. LEGACY AT WOODLAKE GREENS, Part of Phase II of HORIZONS AT WOODLAKE GREENS, located in the Township of Lakewood, Ocean County, consisting of 30 Units; and
20. MORRIS WOODS AT THOMASTOWN COURTS, Phase II of THOMASTOWN COURTS, A CONDOMINIUM, located in Township of Mine Hill, County of Morris, consisting of 48 Units;
21. COOPERTOWNE VILLAGE, located in Borough of Somerdale, County of Camden, consisting of 122 Units;
22. SHARPS RUN SENIORS, located in the Township of Evesham, County of Burlington, consisting of 38 of the 79 Units;
23. CINNAMINSON HARBOUR TOWNHOMES CONDOMINIUM, located in the Township of Cinnaminson, County of Burlington, consisting of 28 Units;
24. THE BLUFFS AT ABERDEEN, located in the Township of Aberdeen, County of Monmouth, consisting of 78 of the 115 Units;

25. ROSE GLEN, located in the Borough of Tinton Falls, County of Monmouth, consisting of 248 Units; and

26. RIVERWOOD CHASE, located in the Township of Toms River, County of Ocean, consisting of 200 Units; and

27. HAMILTON CHASE, located in the Township of Hamilton, County of Mercer, consisting of 133 Units; and

28. REGENCY COURT, located in the Township of Cherry Hill, County of Burlington, consisting of 36 Units; and

29. THE VILLAS AT BROADACRES CONDOMINIUM, located in the Township of Gloucester, County of Camden, consisting of 42 Units;

30. TOWNE SQUARE AT WILTON'S CORNER, located in the Township of Winslow, County of Camden, consisting of 28 of the 122 Units;

31. THE RESERVE AT WILTON'S CORNER, PHASE VI, located in the Township of Winslow, County of Camden, consisting of 10 of the 73 Units;

32. NEW VISIONS (also known as "The Brownstones @ New Visions"), located in the Township of Brick, County of Ocean, consisting of 170 Units;

33. THE ORCHARDS AT AURA, located in the Township of Elk, County of Gloucester, consisting of 100 of the 343 Units;

34. BAYSIDE AT SOUTH AMBOY, located in the City of South Amboy, County of Middlesex, consisting of 50 Units;

35. HIDDEN LAKE VILLAGE, located in the Township of Burlington, County of Burlington, consisting of 30 of 47 Units;

36. SHADOW WOODS, located in the Borough of Mount Arlington, County of Monis, consisting of 60 Units;

37. THE FAIRWAYS AT LAGUNA OAKS, located in the Township of Middle, County of Cape May, consisting of 45 Units;

WHEREAS, the Developer intends to sell units located within said development(s);
and

WHEREAS, the Regulations issued pursuant to the Planned Real Estate Development Full Disclosure Act of the State of New Jersey (N.J.S.A. 45:22A-21, *et seq.* And N.J.A.C. 5:26-1.1, *et seq.*) (hereinafter referred to as the "Regulations") require that all deposits or money paid under a contract or agreement relating to the sale of a unit in a planned real estate development shall be held in escrow until closing or termination of the contract or agreement, or until a bond or other guarantee acceptable to the Division of Codes and Standards of the State Department of Community Affairs is provided; and

WHEREAS, Developer wishes to establish an escrow account with the Escrow Agent, which, through its affiliated entity, Legacy Title Agency, has a business relationship with Developer, so as to comply with the aforesaid requirements of the Regulations; and

WHEREAS, the Escrow Agent is named as a beneficiary in a certain *Surety Bond No. 1000937123*, issued by U.S. Specialty Insurance Company, dated March 14, 2012 in the amount of Three Million Dollars (\$3,000,000.00) (the "Bond").

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Title America Agency Corp. agrees to act as Escrow Agent for the Developer pursuant to the requirements of the Regulations, upon the following terms and conditions.

2. The Escrow Agent shall open a Master Escrow Account for the projects, under the name "Title America Agency Corp., Escrow Agent for NVR, Inc." at TD Bank, N.A., 247 South White Horse Pike, Berlin, NJ 08009.

3. Upon the receipt by the Developer of an executed contract for sale relating to any of the units in the Development, the Developer shall deliver to the Escrow Account for deposit all payments received by the Developer from the Contract Purchaser of any such unit on account of the contract.

4. Promptly upon making each such delivery, the Developer shall advise the Escrow Agent of the amount thereof, the unit to which it applies and the Contract Purchaser's name.

5. The Escrow Agent shall release said escrow funds in conformity with the requirements of the Regulations including approval of the Division of Codes and Standards of release of funds subject to the Surety Bond, but in no event before the expiration of the seven (7)-day revision period.

6. The Escrow Agent shall draw upon the Surety Bond upon any of the following circumstances:

a. A final and unappealable judgment has been entered against the Developer for an amount due in favor of a Contract Purchaser of a unit, which judgment shall be for monies deposited by said Purchaser in accordance with a contract for such unit; or

b. The Developer has not denied in writing its liability to refund the deposit monies of any Contract Purchaser, within fifteen (15) business days after the Developer's receipt by certified mail of written notice of said claim of refund; or

c. A written authorization of the Developer to pay such sum; or

d. A written order to pay such sum issued by the Division of Codes and Standards of the Department of Community Affairs. This Escrow Agreement shall remain in full force and effect until the first to occur of the following:

e. All sums deposited in said Escrow Account and any interest thereon have been paid to the party entitled thereto and the Division of Codes and Standards has certified that the aforementioned Surety Bond is no longer required; or

f. It is terminated by either party upon fifteen (15) days' written notice delivered to the other party and to the Division of Codes and Standards, Department of Community Affairs, provided however, that notwithstanding such notice it shall continue in full force and effect until a qualified substitute Escrow Agent has been appointed, has accepted the appointment, and has been approved by the Division of Codes and Standards of the State Department of Community Affairs.

7. No officer, stockholder or director of NVR, Inc. t/a Ryan Homes shall have any personal liability whatsoever under this Escrow Agreement and, in the event of any claim hereunder, the Escrow Agent shall not seek, nor be entitled to any personal judgment against any such officer, stockholder or director.

Any deposits received by the Escrow Agent in excess of the Surety Bond will remain in escrow, subject to this Escrow Agreement, and will not be released to the Developer.

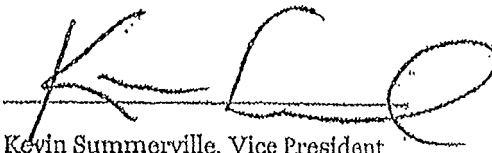
IN WITNESS WHEREOF, the parties hereto have set their hands and seals this 22nd day of April, 2016.

WITNESS/AITEST:

NVR, INC.

A VIRGINIA CORPORATION

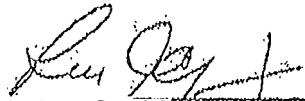
By:



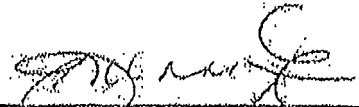
Kevin Summerville, Vice President

DMslon Manager

WITNESS


Richard J. Croft, Witness

THE AMERICAN MEDICAL ASSOCIATION
A NEW JERSEY CORPORATION

By: 
Ruthann Arnold, Executive Vice President

11148421v1

NWW Y-WZSEY PLANNED 'RfML W\$T'A'rE DEV8LO?MN'r SURETY BONO

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u.s, SPCIALTY NSURANCE co ANY_i Surety, authorized to do Ull\$lm'ifHI in the' Stntq ?f New Jonioy, hereby I agree!l to Lay to 'fitJ<:i J\rm(ltJ Ae;oncy Oorp, a New

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QQrQg, filn\jtlfili: Thia bond has been undertaken by NVR. lno, dba Rsrn Homca (the ."O()vclopo1J1), to aouro tho.obl!gations9fltootf, a»d, \mies\$

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:rm:m: the te.rn of this bo'fld.JJhall commence on March ll, 2012 and ahall remf.\In h full force and c!fecf until oance.led aa provided hmm.

9a119 £\D.&m@ih 1r4i1W1 'The Surocy ahR11 iuve'fotcy /i/re (45' days· wrltwn notico to th(j New·Jcr!l oy Popartmimf of Community Mfnlrl1 Plannod Real :tit\$W..t Development Section (the ijPO^"/ by ce!t!!L<:id mt\Ut n'ld. 'tm.r0celpt requcatM.; at-tli<! notice ti.ddrean p,rcvlclld hc:rolh, bfor<J canpet!Yig, rducil fl the amount, c>r reducing the oovc1•age Of this bond. 'the Sur6ty nhtoJJ promptly notlJy the ·OCA by oertU1 çr1 m{\.U, return receipt! 'Ol{ Uont<ldr at tho Mt:lco'adre!!- pr.ovlded. hS:t'eln, of tiny other (l.tnenQtnenw or hcreanoe i'l1 the b'old runourit ar cvcirg.

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1. A sw.tewcn.t tr11m the Beneficlo.ry ccr:tl.fyt.ng that i.\.llt\!-1 and .unappeutabl J ttdgment bM been entered agrunf:lt he be.v"!oper for an l\ -mount due In fo.vor Of tt cotl'Mt puroh qraf(c. unit, who'hJYdgmnt /ti r0.1.n.tOfll{)\$' depbsltod by aald pt:tt"bha.aer In accordance wltth ti. oo-tl'tmotfpr auh unltJ oi.

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COB.1?ORATE ACKNOWI..EJQ\11}Nt

STATE OF .t/e til!f: '14J. '1J
COUNTY OF at&":./,

On this 11 day of 1, at&":./, being me
personally appeared at&":./, to me known, Who by
his own statement and admission, at&":./, at&":./,
that he/she for the purpose of Zt"cioof
at&":./, Uv
corporation described in at&":./, the foregoing instrument; that he/she is the
S.M.I. of said corporation; that the seal affixed to this instrument is a true and correct
copy of the seal of said corporation; that it was so affixed by order of the Board of Directors of said corporation
and that he/she is duly authorized to execute the same and to acknowledge the same as the act and deed of said corporation.

at&":./,
Notary Public
Comm. Exp. 2/2/2015

U.S. SPECIALTY RESOURCE COMPANY
 STATUTORY STATEMENT OF ASSETS AND LIABILITIES
 December 31, 1970

Assets

Investment
 Cash and cash equivalents
 Total cash and cash equivalents

1,428,725.518
 827,214.138
 1,579,659.151

Liabilities and Capital

Liabilities

Unpaid taxes and interest expenses
 Accounts payable
 Notes, mortgages, and other
 indebtedness
 Unearned premiums
 Other liabilities
 Total liabilities

793,462.528
 6,006.772
 1,867,072
 6,894,408
 222,421,728
 44,574,432
 18,564,678
 58,244,740
 3,519,152
 526,458
 3,292,154
 1,278,623,432

Forward interest income
 Prepaid expenses
 Receivables from reinsurers
 Net deferred taxes
 Partners and employees
 Reserves from prior, accidents and unres

11,877,325
 94,212,888
 24,359,582
 33,968,625
 39,775
 582,916

Capital and Surplus
 Surplus from retained earnings
 Capital stock
 Reserves from prior accidents and unres
 Unearned premium

2,332,718
 4,001,000
 1,67,239,665
 224,785,458
 500,722,222

Total liabilities and capital

1,748,922,507

I, Stephen P. Manderson, Chief Financial Officer of U.S. Specialty Resource Company, hereby certify that to the best of my knowledge and belief, this foregoing is a true and true Statutory Statement of Assets and Liabilities and Capital and Surplus of the Company as of December 31, 1970, prepared in conformity with accounting practices prescribed or permitted by the Texas Department of Insurance. The foregoing information should not be taken as an expression of opinion or assurance of the Company. Such a statement is available upon written request of the Company's home office located at 39203 Westview Parkway, Houston, Texas 77050.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation at Houston, Texas.

Stephen P. Manderson
 Stephen P. Manderson
 Chief Financial Officer

Exhibit 7

Form of Unit Deed

NEW CONSTRUCTION

Prepared by:

DEED

This Deed is made on _____, 20____, between **NVR, INC. t/a Ryan Homes**, a Virginia corporation, with offices located at 1020 Laurel Oak Road, Second Floor, Voorhees, New Jersey 08043, referred to in this document as "Grantor" and _____, referred to in this document as "Grantee".

(The words "Grantor" and "Grantee" include all Grantors and all Grantees under this Deed.)

Transfer of Ownership. The Grantor grants and conveys to the property described below to the Grantee. The transfer is made for the sum of _____ Dollars (\$_____)

The Grantor acknowledges receipt of this money.

Tax Map Reference. ili.J.S.A. 46:15-2.1) Township of Middle, Block No. _____, Lot No. _____, (Unit No.: _____).

Property. The property consists of real property located upon land in the Township of Middle, County of Cape May and State of New Jersey. The legal description is described on Exhibit "A" attached.

Also Known As Unit No. _____

TOGETHER, with an undivided _____ percentage interest in the Common Elements of The Fairways at Laguna Oaks, a Condominium.

This conveyance is subject to the following:

- (i) the covenants, conditions, restrictions and easements included in the Master Deed for The Fairways at Laguna Oaks, a Condominium, which was recorded in the Office of the Cape May County Clerk, on _____, in Book _____, beginning at Page _____, as amended (referred to herein as the "Master Deed"),
- (ii) the Certificate of Incorporation, Bylaws, and any rules and regulations and duly adopted resolutions of The Fairways at Laguna Oaks Condominium Association, Inc., a New Jersey non-profit corporation (the "Association"), together with any amendments and supplements thereto which may be lawfully adopted after the date of this Deed;
- (iii) any and all zoning regulations and other ordinances of the Township of Middle;
- (iv) any state of facts which would be shown by an accurate survey or title search;
- (v) any additional taxes assessed or levied by the Township of Middle under N.J.S.A. 54:4-63.1 *et*

seq.; (vi) governmental statutes, ordinances and regulations; and, (vii) any easements, restrictions or documents of record as of the date of this Deed.

By the acceptance of this Deed, the Grantee, for the Grantee and all successors to the Grantee's interest, (i) consents to any and all future amendments and supplements of the Master Deed or of the Certificate of Incorporation, By-Laws and any rules and regulations of the Association (collectively referred to in this Deed as the "Governing Documents") contemplated under Articles X and XVI of the Master Deed, and (ii) grants a power of attorney to Grantor, its successors and assigns to execute and record any document necessary to evidence and/or effect any such amendment or supplement until the earlier to occur of (a) a period of ten (10) years from the date the Master Deed is recorded, or (b) until the Grantor conveys title to the last Unit held by it for sale in the ordinary course of business to a purchaser other than the Grantor, or its assigns, except that no such agreement, document, amendment or supplement or other instrument which adversely affects the value or substantially alters the floor plan of a Unit, or changes the percentage of the undivided interest in the Common Elements, or substantially increases the financial obligations of the Unit Owner, or reserves any additional or special privileges for the Sponsor not previously reserved, shall be made without the prior written consent of the affected Unit Owner(s) and all owners of any mortgage(s) encumbering the affected Unit Owner(s). Any such agreement, document, amendment or supplement which adversely affects the priority or validity of the lien of any mortgage which encumbers any Unit shall not be made without the prior written consent of the owners of all such mortgages.

This power of attorney will run with the title to the property conveyed to the Grantee. That means that this power of attorney is binding upon the Grantee and the Grantee's personal representatives, successors and assigns. Those successors or assigns could include a mortgage holder or other lienholder, purchaser, tenant or someone who acquires an interest in the property through a will or by operation of law.

Promises by Grantor. The Grantor promises that the Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts: ili.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor).

ATTEST:

GRANTOR:

**NVR, INC. t/a Ryan Homes
a Virginia Corporation**

By:

—

Name:

Title:

\WITNESS:

GRANTEE:

STATE OF

SS.

COUNTY OF

I am _____, an officer authorized to take acknowledgments and proofs in this State.

On _____, 201_, (together, the "Witness"), _____ appeared before me in person. The Witness was duly sworn by me according to law under oath and stated and proved to my satisfaction that:

1. _____ who signed this Deed, an Authorized Representative of **NVR, INC. t/a Ryan Homes**, a Virginia corporation (the "Company").

2. The making, signing, sealing and delivery of this Deed have been duly authorized by a proper resolution of the members of the Company for and on behalf of the Company.

3. The Authorized Representative acknowledged that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c.49 Sec. 1(c), is \$ _____

Sworn to and signed before me on the date written above.

Notary Name:

Expiration Date of Commission:

Notary Seal:

CERTIFICATE OF ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW JERSEY

SS.

COUNTY OF

I am _____, an officer authorized to take acknowledgments and proofs in this State. I sign this acknowledgment below to certify that it was made before me.

On _____, 201_ _____ appeared before me in person. (If more than one person appears, the words "this person" shall include all persons named who appeared before the officer and made this acknowledgment.) I am satisfied that this person is the person named in and who signed this Deed. This person acknowledged signing, sealing and delivering this Deed as this person's act and deed for the uses and purposes expressed in this Deed.


This person also acknowledged that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c.49 Sec. I(c) is \$ _____

Notary Name:
Expiration Date of Commission:
Notary Seal:

Exhibit 8

Pro-forma Title Commitment and Policy for a Unit

1 13657224v4

 First American Title™	Owner's Policy of Title Insurance
	ISSUED BY First American Title Insurance Company
Owner's Policy	POLICY NUMBER PRO FORMA

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

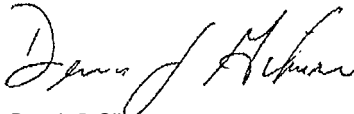
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.

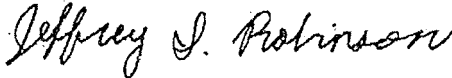
(Covered Risks continued on Page 2)

In Witness Whereof, First American Title Insurance Company has caused its corporate name to be hereunto affixed by its authorized officers as of Date of Policy shown in Schedule A.

First American Title Insurance Company



Dennis J. Gilmore
President



Jeffrey S. Robinson
Secretary

For Reference:

File #: TA-50999

Loan #: NA

Issued By:

Title America Agency Corp.
185 W. White Horse Pike
Berlin, NJ 08009

(This Policy is valid only when Schedules A and B are attached)

This jacket was created electronically and constitutes an original document

5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protection
 if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risks 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.



*First American
Title Insurance Company*

"THIS IS A PRO FORMA POLICY FURNISHED TO, OR ON BEHALF OF, THE PARTY TO BE INSURED. IT NEITHER REFLECTS THE PRESENT STATUS OF TITLE, NOR IS IT INTENDED TO BE A COMMITMENT TO INSURE. THE INCLUSION OF ENDORSEMENTS AS PART OF THE PRO FORMA POLICY IN NO WAY EVIDENCES THE WILLINGNESS OF FIRST AMERICAN TITLE INSURANCE COMPANY TO PROVIDE ANY AFFIRMATIVE COVERAGE SHOWN THEREIN.

THERE ARE REQUIREMENTS WHICH MUST BE MET BEFORE A FINAL POLICY CAN BE ISSUED IN THE SAME FORM AS THIS PRO FORMA POLICY. A COMMITMENT TO INSURE SETTING FORTH THESE REQUIREMENTS SHOULD BE OBTAINED FROM THE COMPANY."

SCHEDULE A

- Issuing Office: Title America Agency Corp.
185 W. White Horse Pike
Berlin, NJ 08009
(856) 767-8573 • Fax: (856) 767-1156
- Agent File Number: TA-50082
- Policy Number: 5011434-XA.1XXX e
- Address Reference: 100 Bay Breeze Boulevard (Block 335.01, Lot 5.03, COOO1)
Phase 1, Building 1
Township of Middle, County of Cape May, State of New Jersey
- Policy Amount: \$250,000.00
- Date of Policy: 00/00/2016
- Name of Insured:
JOHN J. SMITH and SUSAN S. SMITH
HUSBAND and WIFE, TENANTS BY THE ENTIRETY
 - Your interest in the land covered by this Policy is:
Fee Simple
 - Title is vested in:
JOHN J. SMITH and SUSAN S. SMITH, HUSBAND and WIFE, TENANTS BY THE ENTIRETY, by deed from NVR, Inc., a VA Corporation, doing business in New Jersey as Ryan Homes, dated 00/00/2016, recorded 00/00/2016, in the Cape May County Clerk's Office in Deed Book 0000, Page 000.
 - The land referred to in this Policy is described as follows:
Being in the Township of Middle, County of Cape May, State of New Jersey and more particularly described according to the description contained in the insured document.



First American
Title Insurance Company

SCHEDULE B EXCEPTIONS FROM COVERAGE

Agent File Number: TA-50082

Policy Number: 5011434-xxxxxx e

In addition to the exclusions, you are not insured against loss, costs, attorneys fees and expenses resulting from:

1. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
2. Lien of Taxes: Land Taxes are paid current; subsequent taxes are not yet due and payable.
3. Liability for additional assessment for taxes in connection with new construction pursuant to NJSA 54: 4-63.1 et seq. from the date of closing, which are not yet assessed nor due and or payable.
4. Subsurface conditions and/or encroachments not disclosed by an instrument of record. (Fee Policy Only.)

Easement to Atlantic City Electric Company as contained in Deed Book 528, page 78.

10. Permanent Easement and Right-of-Way as contained in Deed Book 3108, page 420 and Deed Book 3084, page 409.
11. CAFRA Individual Permit as contained in Deed Book 3535, page 767.
12. Under and subject to Atlantic City Electric Company Easement, Conditions and Restrictions as shown on The Fairways Major Subdivision Plan to be filed.
13. Flooding and drainage rights in any stream, water course, drain or ditch.

Although environmental and land use regulation is beyond the scope of coverage afforded by the policy, we wish to call your attention (for informational purposes only) to the fact that all or some portion of the premises in question may be affected by the provisions of the "Wetlands Act of 1970", N.J.S.A. 13:9A-1 et seq., or the "Freshwater Wetlands Protection Act", N.J.S.A. 13:9B-1 et seq., or both.

The Company is not legally empowered to insure that the proposed transaction comports with the provisions of any land use of environmental statute or regulation or to provide affirmative insurance with respect to same.

14. Subject to the right, title and interest of the State of New Jersey in and to any lands now or formerly tide marsh land or flowed by the ebb and tide.
15. Conditions, reservations, restrictive covenants, agreements and easements as imposed by Master Deed and By-Laws creating and establishing "The Fairways at Laguna Oaks", a Condominium Association recorded in the Clerk's Office of Cape May County on June 21, 2016, in Deed Book 3682, page 320.
16. Rights of adjoining owners, tenants and mortgagees in and to the limited common elements and the common elements.



First American
Title Insurance Company

SCHEDULE B EXCEPTIONS FROM COVERAGE

Agent File Number: TA-50082

Policy Number: 5011434-xxxxxxx e

17. Subject to all rules and regulations, including but not limited to, the right of assessment imposed by the governing body of "The Fairways at Laguna Oaks", a Condominium Association.
18. Right of the governing body of "The Fairways at Laguna Oaks", a Condominium Association by access to all units for necessary repairs maintenance or replacement of any common elements or to survey loss or damage to common elements of other units.
19. Subject to the provisions of the Condominium Act of New Jersey, N.J.S.A. 46:8B-1, its Supplements and Amendments.
20. Rights of adjoining owners, tenants and occupiers in party walls.
21. Easement to the New Jersey-American Water Company as recorded in BK D3681, Page 908 on 6/17/2016, together with the Consent and Agreement of Mortgagee (1) Sturdy Savings Bank , Book M5679, pages 234-245 and The Morey Organization, Inc., Book M5165, Page 841 (affects Block 335.01, Lot 5.03)
22. Mortgage in the amount of \$225,000.00 and interest made by JOHN J. SMITH and SUSAN S. SMITH, HUSBAND and WIFE, TENANTS BY THE ENTIRETY, to ABC MORTGAGE COMPANY, dated 00/00/2016 , recorded 00/00/2016 in the CAPE MAY County Clerk's Office in Mortgage Book 0000 , Page 000.

COUNTERSIGNED

Schedule B of this Policy consists of 2 Page(s)

Pro Forma

Authorized Signature



*First American
Title Insurance Company*

SCHEDULE C DESCRIPTION

Agent File Number: TA-50082

Policy Number: 5011434-xxxxxx e

ALL that certain tract or parcel of land, situated, lying and being in the Township of Middle, County of Cape May, State of New Jersey, more particularly described as follows:

Known as and designated as PHASE NO. I, BUILDING NO. I, BLOCK 335.01, LOT 5.03, UNIT 1. ADDRESS 100BAY BREEZE BOULEVARD, situate in LAGUNA OAKS, A CONDOMINIUM, established in accordance with the N.J.S.A. 46:8B-1, et seq., together with an undivided 1.00 % interest in the General Common Elements of said condominium* appurtenant to the aforesaid unit in accordance with and subject to the terms, conditions, covenants, restrictions, reservations easements, lien as for assessments, and other provisions as set forth in the current MASTER DEED OF LAGUNA OAKS, recorded in the Clerk's Office of Cape May County on June 21, 2016, in Deed Book 3682, page 320.

*PERCENTAGE OF OWNERSHIP WILL DECREASE PROPORTIONALLY IN RELATION TO THE NEW ADDITIONAL UNITS BEING ANNEXED AND WHEN THE FULL-BUILD-OUT IS COMPLETED, THE PERCENTAGE OF OWNERSHIP WILL BE 1.00%.

FOR INFORMATION ONLY:

BEING known as Block 335.01, Lot 5.03, COOL on the Current Tax Map of the Township of Middle, County of Cape May, State of New Jersey and commonly known as 100 Bay Breeze Boulevard.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive

notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

- o) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.
6. DUTY OF INSURED CLAIMANT TO COOPERATE
- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any

liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.
Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
- (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
- (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
- (i) the Amount of Insurance; or
- (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
- (i) the Amount of Insurance shall be increased by 10%, and
- (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there

shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.
- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707. Phone: 888-632-1642.