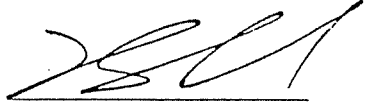


Yardley Manor

A T ■ O L D ■ B R I D G E

**DECLARATIONS OF COVENANTS,
RESTRICTIONS AND BY-LAWS
FOR
YARDLEY MANOR HOMEOWNERS ASSOCIATION, INC.
PO BOX 328
MATAWAN, NJ 07747**

Prepared By:


John D. Sabel, Esq.
An Attorney-at-law of New Jersey

**DECLARATION OF
COVENANTS AND RESTRICTIONS FOR
YARDLEY MANOR
OLD BRIDGE TOWNSHIP, MIDDLESEX COUNTY, NEW JERSEY**

This Declaration is made this ~~22nd~~ day of October, 1996 by **SEGAL & MOREL AT OLD BRIDGE, L.L.C.**, a New Jersey limited liability company with an office located at 991 Route 22 West, Suite 100, Bridgewater, New Jersey 08807 (hereinafter called "Sponsor").

WITNESSETH:

WHEREAS, the Sponsor is the owner of the fee simple title to approximately 124.606 acres of land located in the Township of Old Bridge, County of Middlesex and State of New Jersey and desires to create thereon a single family home complex to be known as "Yardley Manor", ultimately consisting of 206 single family homes, 6 low- and moderate-income units, and certain Common Property, which is more particularly described by metes-and-bounds in Exhibit A (attached hereto and made a part hereof); and which is further designated on those Final Plats for Yardley Manor prepared by Maser Sosinski and Associates, P.A., and filed in the Office of the Clerk of Middlesex County (the "Filed Maps") and

WHEREAS, Sponsor presently intends to begin sale of said single family homes on the aforesaid tract of land; and

WHEREAS, Sponsor desires to provide for the preservation and maintenance of said single family homes, their lots, and the Common Property abutting them, and to this end desires to subject the aforesaid property to the easements, restrictions, covenants, liens and conditions hereinafter set forth, which are to be for the benefit of the property and each and every owner of any portion thereof; and

WHEREAS, Sponsor has caused to be incorporated under the laws of the State of New Jersey, a non-profit corporation known and designated as Yardley Manor Homeowners Association, Inc. ("Association") as the agency which shall be delegated and assigned the power to own, maintain and administer the Common Property, and to enforce the covenants and restrictions governing the property, and to collect and disburse all assessments and charges necessary for such ownership, maintenance, administration and enforcement as hereinafter provided. The said Association is responsible for the minimal maintenance of the Common Property, more particularly described herein. The sanitary sewer system, electric distribution systems, gas mains, telephone and cable TV lines will be or are owned by a private or public utility company.

NOW, THEREFORE, the Sponsor declares that the property described in Exhibit A and shown on the aforesaid maps filed in the Office of the Clerk of Middlesex County, New Jersey, is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following covenants, restrictions, conditions and easements, all of which shall run with the land:

ARTICLE I

Definitions

Section 1. The following words and terms, when used in this Declaration or any Supplemental Declaration, the Certificate of Incorporation or the By-Laws of the Association, shall have the following meanings, (unless the context shall clearly indicate otherwise):

(a) "Certificate of Incorporation" shall mean and refer to the Certificate of Incorporation of Yardley Manor Homeowners Association, Inc. , a copy of which is attached hereto and made a part hereof as Exhibit B, as the same may, from time to time, be amended.

(b) "Assessments" shall mean and refer to those fees or charges levied by the Association or any other authority having jurisdiction thereof upon the Owner of each Lot for the purpose of adequately meeting expenses for the improvements and maintenance of the Common Property and areas within the Jurisdiction of the Association and for the promotion and maintenance of the recreation, health, safety and welfare of the residents of the Property.

(c) "Association" shall mean and refer to Yardley Manor Homeowners Association, Inc., a New Jersey non-profit corporation, its successors and assigns.

(d) "By-Laws" shall mean and refer to the By-Laws of Yardley Manor Homeowners Association, Inc., a copy of which is attached hereto and made a part hereof as Exhibit C, as the same may, from time to time, be amended.

(e) "Common Expenses" shall mean and refer to those expenses which are incurred or assessed by the Association in fulfilling its lawful responsibilities.

(f) "Common Property" shall mean all portions of the Property other than the Lots and shown on the filed Map or any filed final subdivision map for any portion of the Property, together with all improvements thereto or facilities thereon, or any other real or personal property owned by the Association, and any public easements set forth in any recorded documents and/or shown on said filed map; and any public easements set forth in any recorded documents and/or shown on said filed map.

(g) "Declaration" shall mean and refer to this Declaration of Covenants and Restrictions, as the same may, from time to time be amended.

(h) "Institutional Lender" shall mean and refer to any bank, mortgage banker, savings and loan association or other financial institution or pension fund, which is the owner of a first mortgage of record which encumbers any Lot.

(i) "Lot" shall mean and refer to any residential building lot, low-income unit and moderate-income unit shown on the aforesaid filed final subdivision map, together with any buildings or improvements thereon, but excluding areas designated as Common Property.

(j) "Member". Every person or entity who is a record owner of a single family dwelling, including a low- or moderate-income unit, shall be a member of the Association. Ownership of any dwelling shall be the sole qualification for membership. Membership voting rights shall be in accord with Article III, Section 2 of the attached By-Laws.

(k) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple interest in any Lot situated upon the Property, but excluding those having such interest merely as security for the performance of an obligation.

(l) "Permitted First Mortgage" shall mean and refer to any first mortgage lien encumbering a Lot which is held by an institutional lender, or which is a purchase money mortgage held by the Sponsor or by the seller of a Lot.

(m) "Property" shall mean and refer to those real property premises located in the Township of Old Bridge, Middlesex County, New Jersey consisting of approximately 124.606 acres more or less, as more particularly described in Exhibit A, which is attached to this Declaration and made a part hereof.

(n) "Sponsor" shall mean and refer to Segal & Morel at Old Bridge, L.L.C., a New Jersey limited liability company, its successors and assigns.

ARTICLE II

Property Subject to this Declaration

The Property, including every Lot and all Common Property now or hereafter established, is and shall be owned, held, transferred, sold, conveyed, leased, and occupied subject to this Declaration.

ARTICLE III

Restrictions and Easements Applicable to the Lots and Single Family Dwellings

Section 1. Mutual Restrictions.

In order to preserve the character of Yardley Manor as a residential community and for the protection of the value of the Lots therein, the Sponsor hereby declares that the Property shall be subject to all covenants, easements and restrictions of record and as may be shown on the Filed Maps, and to the following restrictions and easements, all of which shall run with the land:

(a) No Obstruction of Access. There shall be no obstruction of the pathway access to any Common Property, the use of which shall be in accordance with the Declaration, the By-laws and any rules and regulations promulgated by the Association or the Board.

(b) Insurance. No activity shall be conducted on the Common Property which could in any way result in an increase in insurance premiums charged to the Association. Taxes and insurance on the Lots are the individual Owner's responsibility.

Section 2. Assessments and Fees

Assessments and fees shall be the responsibility of each Member of the Association and shall conform with the requirements set forth herein under Article VI.

Section 3. Enforcement

The Board shall have the power to make such rules and regulations as may be necessary to carry out the intent of these restrictions, covenants and easements and shall have the right to bring lawsuits to enforce the rules and regulations promulgated by it. The Board shall further have the right to levy fines for violation of such rules, regulations or covenants after notice and hearing by the Board. For each day a violation continues after notice, it may be considered a separate violation. Any fine so levied shall be considered as an assessment levied against the particular Lot Owner involved, and collection may be enforced by the Board in the same manner as the Board is entitled to enforce collection of other assessments. Fines may be levied against a Lot Owner's tenant, and the Lot Owner shall be jointly and severally liable with his or her tenant for the payment of same. In the event the Association institutes legal action for collection of any fines, then the defendant(s) shall be responsible for payment of reasonable attorneys' fees of the Association plus interest and costs of suit.

ARTICLE IV

Property Rights

Section 1. Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Property described herein, which shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Property. Pursuant to the filed final approved subdivision maps, all Common Property will be dedicated to the Township of Old Bridge. Prior to said dedication, Sponsor may retain legal title to the Common Property. At such time as Sponsor has substantially completed improvements on the Common Property and, in the opinion of the Sponsor, the Association is able to maintain the same, Sponsor may transfer title of the Common Property to the Association, to be held by the Association until acceptance of the dedication by the Township.

Section 3. Extent of Members' Easements in Common Property. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to suspend the voting rights and right to use the Common Property or any of its facilities by an Owner for any period during which there is any unpaid assessment against

his or her Lot; and for a period not to exceed thirty (30) days for an infraction of its published rules and regulations after notice and hearing by the Board of Trustees of the Association.

(b) The right of the Sponsor and/or Association to dedicate, grant, reserve or transfer all or any part of the Common Property to any public agency, authority or utility (including a privately-owned utility), for purposes including, but not limited to installing, maintaining, repairing, replacing and inspecting all lines and appurtenances for water, sewer, drainage, fuel oil, and other utilities, with the right of the Grantees to have access over and across such portions of the Common Property consistent with the full exercise of such grants.

(c) The right of the Association to borrow money for the purposes of improving the Common Property, and in aid thereof, to mortgage said property.

(d) The right of the Association to take such steps as are reasonably necessary to protect its property against foreclosure.

(e) The right of the Sponsor and/or Association to grant any part of the premises described herein as a Common Easement.

Section 4. Delegation of Use. Any Owner may delegate in accordance with the By-Laws, his or her right to enjoyment of the Common Property and facilities to members of his or her family, his or her tenants, or contract purchasers who reside on the property.

ARTICLE V

Maintenance, Repairs, Services

Section 1. Perpetual Easements for Purposes of Maintenance, Repair and Replacement.

Sponsor reserves to itself and to its successors and assigns a perpetual easement and right of access to each Lot to be conveyed for the purposes of maintenance, repair and replacement as may be required from time to time and if necessary. In such cases appropriate notice of such need, except in emergency circumstances, shall be provided to the Owner of said Lot. The easements and rights of access granted hereunder shall accrue to the Association upon the Association's assumption of any of the obligations of maintenance, repair and replacement created by the terms of this Declaration of Covenants and Restrictions.

Section 2. Extent of Association Maintenance Responsibilities. The Sponsor (for the first year) and then the Association shall be responsible for daily and long term maintenance, repair, replacement and improvement to the Common Property and any of its amenities.

Section 3. Right of the County of Middlesex to Maintain Drainage Basins. In the event the Association shall fail to maintain the drainage and detention basins in reasonable order and condition, the County of Middlesex may serve written notice upon the Association setting forth the manner in which the Association has failed to maintain the drainage and detention basins in reasonable condition, and said notice shall include a demand that such deficiencies of maintenance be cured within thirty-five (35) days thereof, and shall state the date and place of a hearing thereon which shall be held within fifteen (15) days of the notice. As such hearing, the County of Middlesex may modify the terms of the original notice as to deficiencies and may give a reasonable extension of time not to exceed sixty-five (65) days within which they shall be cured. If the deficiencies set forth in the original notice or in the modification thereof shall not be cured within said thirty-five (35) days or any permitted extension thereof, the County of Middlesex, in order to preserve the drainage and detention basins and maintain the same, may enter upon and maintain same for such period of time as the County may determine in its sole judgment. If the County enters upon or maintains the basins at its discretion, then any cost and expense in the above noted process shall be at the sole cost and expense of the Association. Such cost shall be a Common Expense for the purposes of payment by Members of the Association.

Section 4. Owner's Responsibilities. Each Owner shall be responsible for lot and dwelling maintenance and repairs and decoration of the interior and exterior of the Owner's dwelling unit.

Section 5. Association Insurance. The Association, through its Board of Trustees, shall, in addition to other types and kinds of insurance as provided in the Association By-Laws, be required to obtain and maintain a liability insurance policy.

Premiums for any such insurance coverage shall be included in the assessment for common expenses and such premium charges shall be held in a separate escrow account of the Association to be used solely for the payment of said premiums, as same become due.

The foregoing insurance in this Section 5 of Article V shall only be as to the Common Property and shall not provide any insurance coverage as to Lots, the contents thereof, or liability coverage on the Lots or within dwellings or structures situated on the Lots.

Section 6. Association's Failure to Maintain. In the event that the Association should at any time fail to discharge its obligations to maintain any portion of the Property as required by this Declaration, or to enforce the provisions hereof, the said Township of Old Bridge in the County of Middlesex shall have such rights as are given to it by virtue of the provisions of N.J.S.A. 40:55D-43(b) and N.J.S.A. 40:55D-43(c), subject to all of the conditions and limitations contained in N.J.S.A. 40-55D-43(b) and N.J.S.A. 40:55D-43(c).

ARTICLE VI

Covenant for Assessments

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any improved Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

Each Owner shall also pay a non-refundable \$130.00 fee to the Association at the time of transfer of title of a lot by the seller of such lot. This fee is due and payable each time title is transferred.

The annual and special assessments, together with late charges, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with late charges, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. In the case of co-ownership of a Lot, all of such co-owners of the Lot shall be jointly and severally liable for such annual and special assessments.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively for the purposes set forth in the applicable statutes and ordinances of governmental authorities having jurisdiction thereof, and for the purpose of promoting the recreation, health, safety, and welfare of the residents in the Property and in particular for the improvement and maintenance of property, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Property and of the homes situated upon the Lots, including but not limited to the following:

(a) the payment of taxes to the extent that taxes may be levied upon the Common Property of the Association;

(b) the payment of insurance premiums;

(c) the maintenance, repair and improvement of the Common Property, including but not limited to open spaces, walkways, lighting, and pathways, planted landscaped areas and garden and buffer areas on the Common Property, drainage appurtenances including but not limited to the detention basin and outfall structures and lines servicing the Development;

(d) the removal of snow and ice from the Common Property, if necessary;

(e) compliance with ordinances, statutes, laws, governmental rules and regulations affecting such premises;

(f) the supervision, management and operation of the activities of the Association; and

(g) reserves for the repair and replacement of any facilities within and appurtenant to the Common Property.

Section 3. Annual Assessments. Following the preparation and adoption of an operating budget, the amount of the Assessment shall be fixed by the Board of Trustees of the Association on an annual basis in a sum sufficient to meet the expenses necessary for the improvement and maintenance of the Common Property, and each Lot shall be assessed its separate proportionate share of said total budget. The amount of the annual assessment may be changed from time to time by action of the Board of Trustees.

Section 4. Date of Commencement of Assessments: DUE DATES. The annual assessments shall commence as to all Lots on the day a certificate of occupancy is issued and title for said lot is transferred by the Sponsor. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due date shall be January 1 of each year.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Board of Trustees of the Association may levy, in any assessment year, a special assessment applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Property, including

fixtures and personal property related thereto, provided that before the Board of Trustees levies any such assessment it shall have the vote or written consent of fifty-one percent (51 %) of the members.

Section 6. Computation of Assessment: The total of the annual and special assessments shall be apportioned based on the method adopted by the Board of Trustees from time to time.

Section 7. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; The Lien; Remedies of Association. If the assessments are not paid on the date(s) when due, then such assessment shall become delinquent and shall, together with late charges thereon and cost of collection as hereinafter provided, become a continuing lien on the Lot which shall bind such Lot in the hands of the then Lot Owner, his or her heirs, executors, devisees, personal representatives, successors and assigns. The personal obligation of the then Lot Owner to pay such assessment, however, shall remain his or her personal obligation for the statutory period and shall not pass to his or her successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date (due date), the assessment shall be subject to a per month late fee from the date of delinquency at a rate set from time to time by the Association Board of Trustees, and, if the assessment is not paid within sixty (60) days after the delinquency date (due date), the Association shall bring an action at law against the Lot Owner personally obligated to pay the same, or to foreclose the lien against the Lot as hereinafter provided for and there shall be added to the amount of such assessment, the costs of preparing and filing the complaint in such action; and, in the event a judgment is obtained, such judgment shall include late fees, as above provided, and a reasonable attorney's fee, to be fixed by the court, together with the costs of the actions.

As hereinbefore stated, the assessments not paid on the specified dates as to a Lot shall constitute a lien against said Lot in favor of the Association, which lien shall be prior to all other liens, except (i) prior assessments and municipal assessments and real estate taxes; (ii) bona fide mortgage liens, if any, to which the Lot is subject; and (iii) any other lien recorded prior to recording the claim of lien. Such lien shall be effective from and after the time of recording in the Clerk's Office of Middlesex County, New Jersey of a claim of lien, stating the description of the Lot, the name of the record Owner, the amount due and the date when due. Such claim of lien shall include only sums which are due and payable when the claim of lien is recorded, and shall be signed and verified by an officer or agent of

the Association. Upon full payment of all sums secured by the lien, the party making payment shall be entitled to a recordable satisfaction of lien.

Liens for unpaid assessments may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. The Association shall have the power to bid on the Lot at a foreclosure sale, and to acquire, hold, lease, mortgage and convey such lot. Suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. The title acquired by any purchaser following any such foreclosure sale shall be subject to all of the covenants and restrictions set forth or referred to in this Declaration, and by so acquiring title to the Lot, said purchaser covenants and agrees to abide and be bound thereby.

The right of the Association to foreclose its liens, as provided in this Section 7 of this Article VI, shall at all times be subject to the rights and priorities, as provided by law, as to any liens, judgments, taxes and assessments in favor of the Township of Old Bridge.

Section 8. Effect of Foreclosure, Etc. Such sale or transfer shall not relieve any such Lot from liability for any assessments thereafter becoming due, nor from the lien of any subsequent assessment. If an Institutional Lender or other purchaser of a unit obtains title to such unit as a result of foreclosure of a first mortgage held by an Institutional Lender or by a deed of conveyance in lieu thereof, such acquirer of title, its successors and assigns, shall not be liable for the assessments by the Association pertaining to such unit or chargeable to the former owner thereof which became due prior to the acquisition of title as a result of the foreclosure. Such unpaid sums shall be deemed to be common expenses collectible from all of the remaining Lot Owners, including such acquirer, its successors and assigns.

Section 9. List of Assessments, Notice of Assessment, Certificate as to Payment. The Board shall cause to be prepared, at least thirty (30) days in advance of the due date of each assessment, a list of the properties and the assessments applicable thereto, according to the names of the Lot Owners thereof, which list shall be kept in the office of the Association and shall be open to inspection, upon request, by any Owner of a Lot. Written notice of the Common Expense assessment shall be sent to every Lot Owner subject thereto.

The Association shall, upon the request of any Lot Owner or Institutional Lender, furnish to such Lot Owner or mortgagee a certificate in writing, signed by an officer of the Association, indicating the

status of assessment payments for the subject Lot. Such certificate shall constitute conclusive evidence of the payment of any assessments therein stated to have been paid.

Section 10. Distribution of Common Surplus. Lot Owners shall share in common surplus, if any, such shares being in the same proportion as the shares apportioned for assessments and charges.

ARTICLE VII

General Provisions

Section 1. Duration. The covenants and restrictions of the Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of (10) years.

Section 2. Amendments. This Declaration may be amended at any time after the date hereof by a vote of at least two-thirds (2/3) of all Members in good standing who are current with assessment payments at any meeting of the Association duly held in accordance with the provisions of the By-Laws; provided, however, that (a) no amendment may be effectuated which would permit (i) the Association or any Lot Owner to be exempted from the payment of any Common Expenses, or (ii) conveyance of any portion of the Common Property to any third person, firm, or corporation, without the express consent, by ordinance or otherwise, of the governing body of the Township of Old Bridge (or such municipal corporation or authority as may then have zoning and subdivision control jurisdiction over the Common Property); and (b) that any amendment so requiring it under the provisions of Article IX hereof shall also have the prior written approval of each Institutional Lender if so requested. No amendment shall be effective until recorded in the Office of the Clerk of Middlesex County, New Jersey. This paragraph is by way of supplement to and not in derogation of the powers of amendment reserved to Sponsor pursuant to Section 3 of this Article. In the alternative, an amendment may be made by an agreement, signed and acknowledged by all of the Lot Owners in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Office of the Clerk of Middlesex County, New Jersey. No amendments can be made to this Declaration and/or the By-Laws, which amendments affect any of the rights accorded to the Township of Old Bridge in the County of Middlesex, or any other governmental authority having jurisdiction

over the development without said Township's or such governmental authority's formal consent to any such amendments.

Section 3. By-Laws and Administration; Changes in Documents; Power of Attorney. The Administration of the Common Property shall be by the Association in accordance with the provisions of this Declaration, the Certificate of Incorporation, the By-Laws, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently be required by any Institutional Lender designated by the Sponsor or by any governmental agency having regulatory jurisdiction over the Property or by any title insurance company selected by Sponsor to insure title to any Lot(s). Sponsor hereby reserves for itself, its successors and assigns, for a period of five (5) years from the date the first Lot is conveyed by Sponsor to an Owner, the right to execute on behalf of all contract purchasers, Lot Owners, mortgagees, other lienholders or parties claiming a legal or equitable interest in the Property, any such agreements, documents, amendments or supplements to the above described documents which may be so required by any such Institutional Lender, governmental agency or title insurance company or to correct any technical or typographical errors in such documents heretofore described; provided, however, that no such agreement, document, amendment or supplement which adversely affects the value or increases the financial obligations of the Lot Owner or reserves any additional or special privileges shall be made without the prior written consent of the affected Lot Owner and all owners of any mortgage(s) encumbering same; or if such agreement, document, amendment or supplement adversely affects the priority or validity of any mortgage which encumbers any Lot, without the prior written consent of the Owners of any such mortgages.

By acceptance of a deed to any Lot or by the acceptance of any other legal or equitable interest in the Property, each and every such contract purchaser, Lot Owner, mortgagee, or other lienholder or party having a legal or equitable interest in the Property does automatically and irrevocably name, constitute, appoint and confirm Sponsor, its successors and assigns, as attorney-in-fact for the purpose of executing such amended Declaration and other instrument(s) necessary to effect the foregoing subject to the limitations set forth above in the preceding paragraph.

The powers of attorney aforesaid are expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots and be

binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, said powers of attorney shall not be affected by the death or disability of any principal and are intended to deliver all right, title and interest of the principal in and to said powers.

Section 4. Certificate of Incorporation and By-Laws of the Association. All the provisions of the Certificate of Incorporation and By-Laws of the Association, together with all future amendments thereto, are hereby incorporated by reference as though set out in full.

Section 5. Notice. Any notice required to be sent to an Member under the provisions of this Declaration or the Certificate of Incorporation or the By-Laws of the Association shall be deemed to have been properly sent, and notice thereby given, when mailed, by regular post, with postage prepaid, addressed to the Member at the last known post office address of the person who appears as a Member on the records of the Association at the time of such mailing. Notice to one, two, or more co-owners of a Lot shall constitute notice to all co-owners.

Section 6. Enforcement. The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Severability, Etc. Invalidation of any one of these covenants or restrictions by judgment or Court order shall in no way affect any other provisions, which shall remain in full force and effect. Nothing contained herein shall be deemed to supersede any ordinance of Old Bridge Township with respect to traffic safety, signage, health, or other matters relating to public safety and/or health. Further, Sponsor and its successors, including the Association, shall cooperate with all applicable governmental authorities to ascertain and comply with any rules, regulations and/or ordinances pertaining to the Yardley Manor development necessary for public safety, welfare, and/or health.

Section 8. Easements and Restrictions of Record. This Declaration and the conveyance of all residential units in the Yardley Manor development are subject to easements and restrictions of record, if any, including utility grants made or to be made to public and/or private utilities servicing the area, including easements for drainage purposes and restrictions and/or easements made for purposes of

affecting the uses to be made of the Common property. The express right is reserved unto the Sponsor to create additional easements in, on and over any and all portions of the aforementioned premises which may be necessary for the development of Yardley Manor, including, but not limited to easements or grants for the purpose of providing utilities to and drainage for the premises adjacent to each residential home in the Development, as well as any and all other easements or grants for such matters including, but not limited to any other utility service and drainage facilities as may be required.

Section 9. Indemnification of Officers. Officers of the Association shall be indemnified by the Association against the actual amount of net loss, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any action, suit or proceeding to which he or she may be a party by reason of his or her being or having been an Officer of the Association, except as to matters as to which he or she shall be ultimately 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 Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence of willful misconduct.

ARTICLE VIII

Special Sponsor's Rights

Section 1. Transfer of Rights. No special rights created or reserved to the Sponsor under this Declaration ("Special Sponsor Rights") may be transferred except by an instrument evidencing the transfer recorded in the Office of the County Clerk of Middlesex County, New Jersey. The instrument shall not be effective unless executed by the transferee.

Section 2. Liability of Transferor. Upon transfer of any such Special Sponsor Right, the liability of the transferor is as follows:

(a) A transferor is not relieved of any obligation or liability arising before the transfer and remains liable for warranty obligations imposed upon him, if any.

(b) A transferor who retains no Special Sponsor Rights has no liability for any act or omission or any breach of a contractual or warranty obligation, if any, arising from the exercise of any Special Sponsor Right by a successor Sponsor who is not an affiliate of the transferor.

Section 3. Liability of Transferee. The liabilities and obligations of persons who succeed to Special Sponsor Rights are as follows:

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

(b) A successor to all such Special Sponsor Rights, who is not an affiliate of Sponsor, is subject to all obligations and liabilities imposed upon Sponsor by law or the Declaration, but he or she is not subject to liability for misrepresentations or any warranty obligations for improvements made by any previous Sponsor or predecessor in title or for a breach of fiduciary obligation by any previous Sponsor.

(c) Nothing in this Article subjects any successor to a Special Sponsor Right to any claims against or other obligations of a transferor other than claims and obligations arising under the Declaration.

ARTICLE IX

Protective Provisions

Section 1. Protective Provisions for the Benefit of Institutional Lender. Anything to the contrary in this Declaration or the By-Laws or Certificate of Incorporation notwithstanding, the following shall apply with respect to each Institutional Lender:

(a) Prior written approval. The prior written approval of each Institutional Lender who requests notice thereof is required for the following events:

(i) Material Amendment. Any material amendment to the Declaration or to the By-Laws or Certificate of Incorporation, which may adversely affect the priority of lien or value of the security encumbered by its mortgage.

(ii) Self-Management Assumed. The effectuation of any decision by the Association to terminate professional management and assume self-management of the Property.

(b) Partition or Subdivision. No Lot in the Property may be partitioned or subdivided without the prior written approval of any Institutional Lender for such Lot.

(c) Priority of Liens. Any lien the Association may have on any Lot in the Property for the payment of Common Expense assessments attributable to each Lot is subordinate to the lien or

equivalent security interest of any Permitted First Mortgage on the Lot recorded prior to the date any such Common Expense assessment became due.

(d) Rights upon Request. Any Institutional Lender shall upon request: (i) be permitted to inspect the books and records of the Association during normal business hours; (ii) receive an annual reviewed financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; (iii) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings; and (iv) receive written notice of any default in the payment of an Common Expense assessment installments which is not cured within sixty (60) days of notice of the default.

(e) Notice in event of Damage or Destruction. In the event of substantial damage to or destruction of any Lot or any part of the Common Property, any Institutional Lender which may be affected shall be entitled to timely written notice from the Association of any such damage or destruction. No Lot Owner or other party shall have priority over such Institutional Lender with respect to the distribution of any insurance proceeds allocable to such Lot or Common Property.

(f) Notice in event of Condemnation. If any Lot or portion thereof, or the Common Property or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Institutional Lender(s) holding a Permitted First Mortgage on the Lot(s) so affected is entitled to timely written notice from the Association of any such proceeding or proposed acquisition and no Lot Owner or other part shall have priority over such Institutional Lender with respect to the distribution allocable to such Lot(s) of the proceeds of any award or settlement.

(g) Liability of Common Expenses in Case of a Foreclosure. Any Institutional Lender who holds a first mortgage lien on a Lot who obtains title to the Lot as a result of foreclosure of the Permitted First Mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser in a foreclosure sale, or their respective successors and assigns, is not liable for the share of Common Expenses or other assessments by the Association pertaining to such Lot or chargeable to the former Lot Owner which became due prior to acquisition of title. Such unpaid share of Common Expenses and other assessments shall be deemed to be Common Unpaid Expenses collectible from all of the remaining Lot Owners including such acquirer, his or her successors and assigns.

(h)Management Agreements. Any agreement for professional management of the Association shall not exceed one (1) year in length and all such agreements shall provide for termination thereof by either party without cause and without paying any termination fee on 60 days written notice,

ARTICLE X

Additional General Provisions

Section 1. The Yardley Manor Development shall be subject to a perpetual easement to and for the benefit of the Township of Old Bridge, County of Middlesex, New Jersey (but not the public in general) to enter upon the Property, including the Common Area, for the purposes of maintaining the safety, health, welfare, police and fire protection of the citizens of the Township, including the residents of the Property. Notwithstanding any language to the contrary contained within this entire Declaration, this Section 1 of Article X shall not be amended, changed or deleted in any manner without the prior consent of the Township of Old Bridge.

Section 2. The Development shall be constructed by Sponsor as set out and more fully described in approved site and subdivision plans for this development and in resolutions of all governmental authorities having jurisdiction over this development including but not limited to the applicable resolutions of the Old Bridge Township Planning Board.

Section 3. Subject to this Declaration of Covenants and Restrictions or other instruments of creation, the Association may do all that is legally entitled to do under the laws applicable to its form of organization.

Section 4. The Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the community.

Section 5. The Association shall make available a fair and efficient procedure for the resolution of disputes between individual home owners and the Association, and between different home owners, that shall be readily available as an alternative to litigation.

Section 6. While the Sponsor maintains a majority of the Board of Trustees, it shall make no additions, alterations, improvements or purchases not contemplated in the construction of the Development which would necessitate a special assessment or a substantial increase in the general

assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

Section 7. The Sponsor shall not be permitted to cast any votes held by it for unsold lots for the purpose of amending this Declaration, the By-Laws or any other document for the purpose of changing the permitted use of a lot or for the purpose of reducing the Common Area.

Section 8. Nothing herein shall be construed to prohibit the reasonable adaptation of any dwelling unit for handicapped use.

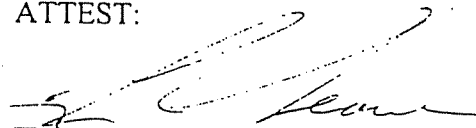
IN WITNESS WHEREOF, the Sponsor has executed this Declaration on this ~~22nd~~ day of October, 1996.

Segal & Morel at Old Bridge, L.L.C., a New
Jersey limited liability company

By: 

Kenneth Segal, Manager

ATTEST:

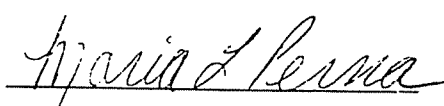

Gary L. Cleaver, Witness

STATE OF NEW JERSEY)

) ss.

COUNTY OF SOMERSET)

I CERTIFY that on this ~~22nd~~ day of October, 1996, before me, the subscriber, a Notary Public of the State of New Jersey, personally appeared Kenneth Segal, the manager of Segal & Morel at Old Bridge, L.L.C., a New Jersey limited liability company, the company named in the within instrument, and thereupon he acknowledged that he signed, sealed and delivered the same as his act and deed and as the act and deed of the company, for the purposes therein expressed.



MARIA L. PERNA
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES AUG. 14, 2000

Declarations of Covenants and Restrictions for
Yardley Manor Homeowners Association

Adoption of Standards:

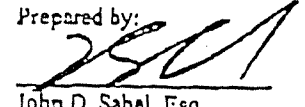
The Yardley Manor Homeowners Association adheres to and, obeys any and all ordinance set forth by Old Bridge Township, New Jersey.

Exhibit B

FILED

OCT 9 1996

Prepared by:

LONNA R. HOOKS
Secretary of State
John D. Sabal, Esq.

CERTIFICATE OF INCORPORATION
OF
YARDLEY MANOR HOMEOWNERS ASSOCIATION, INC.

Dated: October 9, 1996

In compliance with the requirements of Title 15A of the New Jersey Statutes Annotated, the undersigned, Kenneth Segal, whose mailing address is 991 Route 22 West, Suite 100, Bridgewater, New Jersey, 08807, who is of full age, has this day voluntarily agreed to act as the Incorporator for the purpose of forming a New Jersey corporation not for profit, and does hereby certify:

ARTICLE I
NAME

The name of the corporation is **YARDLEY MANOR HOMEOWNERS ASSOCIATION, INC.**, a New Jersey nonprofit corporation, hereinafter called the "Association."

ARTICLE II
PRINCIPAL OFFICE

The principal office and mailing address of the Association is 991 Route 22 West, Suite 100, Bridgewater, New Jersey 08807.

ARTICLE III
REGISTERED AGENT

Kenneth Segal, whose location and mailing address is 991 Route 22 West, Suite 100, Bridgewater, New Jersey 08807, is hereby appointed the initial registered agent of this Association.

ARTICLE IV
PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for the maintenance, preservation and control of the common elements of that certain tract of property known as the Yardley Manor development (hereinafter, the "Development") which is subject to the "Declaration of Covenants and Restrictions for Yardley Manor, Old Bridge Township, Middlesex County, New Jersey", and any supplements and/or amendments thereto recorded or to be recorded in the Office of the Clerk

of Middlesex County, and to promote the health, safety and welfare of the residents within the development and for these additional purposes:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the By-laws of said Association, as same may be amended from time to time, said By-laws being incorporated herein as if set forth at length;

(b) To fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to said Declaration and By-laws of the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) To acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, including owning, maintaining, repairing, replacing and operating the common elements;

(d) To borrow money, to mortgage, pledge, deed in trust, bond or promise any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) To accomplish the purposes of a homeowners organization, including but not limited to the performance of the following acts and services on a not-for-profit basis:

- (i) the supervision, care, operation, maintenance, renewal and protection of the common property as described in the Declaration, as well as any other property, real or personal, which is or becomes its responsibility, including purchasing appropriate insurance therefor;
- (ii) the preparation, annually or otherwise, for the residents or Owners, of estimates of the costs and expenses of rendering such services and performing such acts and the apportionment and assessment and collection of such estimated costs and expenses among and from the owners or residents obligated to assume or bear the same;
- (iii) to make, promulgate and, on behalf of said owners or residents, enforce compliance with such rules and regulations as may be reasonably necessary or proper from time to time, with respect to the proper maintenance, safe occupancy, reasonable use and enjoyment of the common property;
- (iv) to perform all such other and additional services and acts as are usually performed by managers or managing agents of real estate developments, including without limitation keeping or causing to be kept appropriate books and accounts, retaining counsel, auditors, accountants, appraisers and other persons or services as may be necessary for or incidental to any of the foregoing purposes;

- (v) to reconstruct any improvements of the common property after casualty loss and to further improve the common property;
- (vi) to enforce by legal means the provisions of the Declaration, this Certificate of Incorporation, the By-laws of the Association and the Rules and Regulations;
- (vii) to contract for the management of the common property and to delegate to such contractor-manager such powers and duties as the Association may determine; and
- (viii) to employ personnel to perform the services required for proper operation of the Association.

(f) To do and perform, or cause to be performed, all such other acts and services as may be necessary, suitable or incidental to any of the foregoing purposes, to the fullest extent permitted by law, and to own fee simple title to any real estate for the purposes aforesaid.

(g) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of New Jersey by law may now or hereafter have or exercise.

ARTICLE V MEMBERSHIP

Every person, firm, association, corporation or other legal entity who is a record owner or co-owner of the fee simple title to any lot of the Yardley Manor development shall be a Member of the Association; provided, however, that any person, firm, association, corporation, or legal entity who holds such title or interest merely as a security for the performance of any obligation (including, but not limited to mortgagees or trustees under deeds of trust) shall not be a Member of the Association.

ARTICLE VI BOARD OF TRUSTEES

The affairs of the Association shall be managed by a Board of Trustees. The initial Board of Trustees shall be composed of three (3) persons who need not be members of the Association. The names and addresses of the persons who are to act in the capacity of Trustees until selection of their successors are:

<u>Name</u>	<u>Address</u>
John Sabel	c/o Segal & Morel, Inc. 991 Route 22 West, Suite 100 Bridgewater, New Jersey 08807
Barbara Lollin	c/o Segal & Morel, Inc. 991 Route 22 West, Suite 100

Bridgewater, New Jersey 08807

Susan Champion

c/o Segal & Morel, Inc.
991 Route 22 West, Suite 100
Bridgewater, New Jersey 08807

The method of electing Trustees shall be set forth in the By-laws of the Association.

ARTICLE VII DISTRIBUTION OF ASSETS

Upon dissolution, the assets of the Association shall be distributed as set forth in the By-laws of the Association.

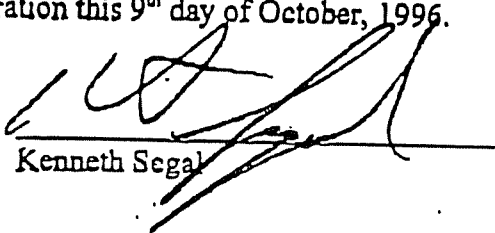
ARTICLE VIII DURATION

The Association shall exist perpetually.

ARTICLE IX AMENDMENTS

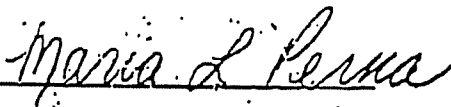
Amendment of this Certificate shall require the assent of sixty-seven percent of the Members of the Association.

IN WITNESS WHEREOF, for the purpose of forming this non-profit corporation under the laws of the State of New Jersey, the undersigned, the incorporator of this Association, has executed this Certificate of Incorporation this 9th day of October, 1996.


Kenneth Segal

State of New Jersey)
): ss
County of Somerset)

BE IT REMEMBERED, that on this 9th day of October, 1996 before me, the subscriber, a Notary Public of the State of New Jersey, personally appeared Kenneth Segal, who, I am satisfied, is the person named in and who executed the within Instrument, and thereupon acknowledges that he signed, sealed and delivered the same as his act and deed, for the uses and purposes therein expressed.



MARIA L. PERNA
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES AUG. 14, 2000

EXHIBIT C
BY-LAWS
OF
YARDLEY MANOR HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the non-profit corporation is YARDLEY MANOR HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The initial principal office of the Association shall be located care of Segal & Morel, Inc. at 991 Route 22 West, Suite 100, Bridgewater, New Jersey 08807, but meetings of the members and trustees may be held at the principal office or at such other places as may be designated by the Board of Trustees ("Board").

ARTICLE II
NATURE OF BY-LAWS

Section 1. These By-Laws are intended to govern the administration of Yardley Manor Homeowners Association, Inc., a non-profit corporation organized under Title 15A of the Revised Statutes of New Jersey, together with the management, administration, utilization and maintenance of the Property described in the Declaration of Covenants and Easements of Yardley Manor, Old Bridge Township, Middlesex County, New Jersey ("Declaration"). All definitions contained in the Declaration are incorporated herein by reference.

ARTICLE III
MEMBERSHIP VOTING RIGHTS:
MEETINGS OF MEMBERS

Section 1. Membership Every Owner shall be a Member of the Association, subject to the provisions of these By-Laws and any rules and regulations promulgated by the Board. Membership in the Association shall lapse and terminate when any Member shall cease to be an Owner.

Section 2. Voting Rights. There shall be 212 votes in the Association, each of equal weight, all of which shall be held by the Sponsor, who shall be deemed to be a Member of the Association; provided, however, that upon each conveyance of title of a Lot by Sponsor to another Owner, such Owner shall become entitled to one vote for each Lot purchased, and the number of votes held by Sponsor shall be reduced accordingly. Sponsor's votes shall be cast by such persons as it may from time to time designate. Votes not held by Sponsor shall be cast in person or by proxy, as otherwise provided herein. It is understood that in the event that the number of Lots ultimately established upon the Property is more or less than 212, the number of votes in the Association shall be equal to the number of Lots established. Members whose assessments are delinquent are not entitled to vote.

If a Lot is owned by one person, his right to vote shall be established by the record title to his Lot. If a Lot is owned by more than one person, or is under lease, the person entitled to cast the vote for the Lot shall be designated by a certificate signed by all of the record owners of the Lot and filed with the Secretary of the Association. If a Lot is owned by a corporation, the person entitled to cast the vote for the Lot shall be designated by a certificate of appointment signed by the president or vice-president and attested by the secretary or assistant secretary of the corporation and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Lot concerned. A certificate designating the person entitled to cast the vote of a Lot may be revoked by an Owner thereof.

Section 3. Interest in the Common Property. Each Lot Owner, including Sponsor, shall have a membership interest in the Association equal to and in proportion with the number of votes which he holds pursuant to Section 2 of this Article. Each Lot Owner who is entitled to membership in the Association pursuant to these By-Laws shall be privileged to use and enjoy

the Common Property subject to the right of the Association to promulgate rules and regulations governing such use and enjoyment.

Section 4. Annual Meetings. The first annual meeting of the Members shall be held within five years from the date of incorporation of the Association or not later than sixty (60) days after seventy-five (75%) percent of the Lots have been sold and conveyed, whichever occurs first. Subsequent regular annual meetings of the Members shall be held on the same day of the same month of each year thereafter, at the hour of eight o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the same hour on the first day following which is not a legal holiday.

Section 5. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Trustees, or upon written request of the Members who are entitled to vote one-half of all of the votes of the membership.

Section 6. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 7. Quorum. The presence of twenty-five (25%) percent of the Membership of the Association entitled to cast votes shall constitute a quorum for any action except as otherwise provided in the Certificate of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV

BOARD OF TRUSTEES: SELECTION.

TERM OF OFFICE

Section 1. Number. The Board of Trustees shall initially consist of the three (3) persons named in the Certificate of Incorporation of the Association or such other persons designated by Sponsor to fill any vacancy which may occur.

Within sixty (60) days after Owners other than Sponsor own one hundred and fifty-nine (159) or more Lots, the President shall call and give not less than twenty (20) nor more than thirty (30) days notice of a special meeting of the Members. At such special meeting, Owners other than Sponsor shall be entitled to vote for and elect one Trustee, and Sponsor shall appoint two Trustees. The Board shall still consist of three (3) Trustees.

Within sixty (60) days after Owners other than Sponsor own two hundred and twelve (212) Lots, the President shall call and give not less than twenty (20) nor more than thirty (30) days notice of a special meeting of the Members of the Association. At such special meeting, Owners other than Sponsor shall be entitled to vote for and elect all of the Trustees of the Board not previously elected by them.

Notwithstanding the foregoing, Sponsor shall be entitled to appoint two Trustees so long as Sponsor owns one or more Lots and holds same for sale in the ordinary course of business.

The Sponsor, at its discretion, may surrender its right to appoint any or all Trustees at a time earlier than that required above.

Trustees appointed by the Sponsor do not need to be Lot Owners.

At such time as the Sponsor no longer owns any Lots or holds same for sale in the ordinary course of business, the President of the Association shall call and give not less than twenty (20) nor more than thirty (30) days notice of a special meeting of the Members of the Association. At such meeting, the Owners other than the Sponsor shall elect a new Trustee.

The following table sets forth the foregoing in summary fashion:

Number of Trustees	Elected by Owners	Appointed by Sponsor	Conditions Precedent
3	0	3	Incorporation
3	1	2	First special meeting held after 159 or more Lots have been sold to owners other than the Sponsor
3	3	0	When Sponsor no longer owns any Lots for sale in the ordinary course of business.

Section 2. Term of Office. The terms of the three Sponsor-appointed Trustees shall expire upon the first special meeting of the Members to be held after Owners other than the Sponsor own one hundred and fifty-nine (159) or more Lots. The term of the Sponsor-appointed Trustee appointed at the first special meeting of the Members shall expire upon the special meeting of the Members to be held after Owners other than the Sponsor own all the Lots.

The Trustee elected by Owners other than the Sponsor at the first special meeting shall remain in office for a period of two years commencing on the date of election unless within that period of two years the second special meeting is held, at which time the Trustee's term shall expire. If the second special meeting has not been held within two years from the date of the Trustee's election, then a regular meeting may be held for the election of one Trustee.

At the special meeting held after Owners other than the Sponsor own all of the Lots, one Trustee shall be elected to a three year term and two Trustees shall be elected to a two year term. Thereafter, Trustees elected by Members shall be elected for a two year term, it being the purpose and intent hereof that one Trustee shall be elected every other year and two Trustees be elected in the other years.

If there are not more than twice the number of nominees for the number of positions to get filled, then there shall be one ballot, with the persons receiving the most votes being elected in order to fill the vacancies on the Board. If ever applicable, candidates polling the highest votes will be considered elected for the longest period of years.

Section 3. Removal. Any Trustee other than a Trustee appointed by the Sponsor may be removed from the Board, with or without cause, by a majority of the Members of the Association. In the event of death, resignation or removal of a Trustee, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

When a Member of the Board of Trustees who has been elected by Lot Owners other than Sponsor is removed or resigns that vacancy shall be filled by a Lot Owner other than Sponsor.

Section 4. Compensation. No Trustee shall receive compensation for any service he may render to the Association. However, any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Trustees shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Trustees.

ARTICLE V

NOMINATION AND ELECTION OF TRUSTEES

Section 1. Nomination. Nomination for election to the Board of Trustees shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairperson, who shall be a Member of the Board of Trustees and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Trustees prior to each meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Trustees as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Trustees shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted.

Section 3. Exception. The provisions of this Article V shall not apply to the nomination, election or appointment of Trustees designated by the Sponsor

ARTICLE VI

MEETINGS OF TRUSTEES

Section 1. Regular Meetings. Regular meetings of the Board of Trustees shall be held semi-annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Trustees shall be held when called by the President of the Association, or by any two Trustees, after not less than three (3) days' notice to each Trustee.

Section 3. Quorum. A majority of the number of Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Trustees present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE

BOARD OF TRUSTEES

Section 1. Powers. The Board of Trustees shall have power to:

(a) adopt and publish rules and regulations governing the ownership, use and maintenance of the Common Property and any common easements and facilities. The Board may establish reasonable penalties for the infraction of those rules and regulations established to govern the use of the Common Property and any common easements and facilities;

(b) suspend the voting rights and right to use of the Common Property of a Member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights shall only be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a Member of the Board of Trustees to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Trustees

(e) employ a manager, an independent contractor, professional persons, or such other employees as they deem necessary, and to prescribe their duties and further to contract with any person, firm or corporation upon such terms as it deems proper for the maintenance of the Common Property,

(f) to take all reasonable action necessary to maintain, operate, preserve, improve and manage the Common Property;

(g) to borrow, mortgage, lease and to improve, preserve, maintain and manage the Common Property.

Section 2. Duties. It shall be the duty of the Board of Trustees to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(3) foreclose the lien against any property for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same, as provided for in the Declaration and fix late fees relative to delinquent assessments which are not timely paid as provided for in the Declaration;

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Property to be maintained in accordance with these By-Laws, the requirements of applicable statutes of the State of New Jersey and Ordinances of the Township of Old Bridge, and the provisions of the Declaration of Covenants and Restrictions.

Section 3. Nothing contained herein to the contrary shall serve to exculpate Members of the Board of Trustees appointed by the Sponsor from their fiduciary responsibilities.

ARTICLE VIII

OFFICERS AND THEIR
DUTIES

Section 1. Enumeration of Officers The officers of this Association shall be a President and Vice-president, who shall at all times be Members of the Board of Trustees, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Trustees following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. 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.

Section 7. Multiple Offices. The offices of vice president and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article VIII.

Section 8. Duties. The duties of the officers are as follows:

PRESIDENT

The President shall preside at all meetings of the Board of Trustees; shall see that orders and resolutions of the Board of Trustees are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

VICE-PRESIDENT

The Vice-president shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

SECRETARY

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

The Treasurer shall be responsible to oversee and supervise the receipt and depositing in appropriate bank accounts of all moneys of the Association, including all assessments, and shall disburse such funds as directed by resolution of the Board of Trustees; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to

the membership at its regular annual meeting, and deliver a copy of same to each of the Members.

ARTICLE IX
COMPENSATION, INDEMNIFICATION AND
EXCULPABILITY OF OFFICERS, TRUSTEES AND
COMMITTEE MEMBERS

Section 1. Compensation. No compensation shall be paid to the President or the Vice-President or any Trustee or Committee Member for acting as such Officer or Trustee 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, Trustee or Committee Member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association, provided however that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

Section 2. Indemnification. Each Trustee, Officer or Committee Member of the Association, shall be indemnified by the Association against the actual amount of net loss, including counsel fees, reasonably incurred by or imposed upon him in connection with any action, suit or proceeding to which he may be a party by reason of his being or having been a Trustee, Officer or Committee Member of the Association, or delegate, except as to matters as to which he shall be ultimately 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 Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

Section 3. Exculpability. Unless acting in bad faith, neither the Board of Trustees as a body nor any Trustee, Officer or Committee Member of the Association, shall be personally

liable to any Member in any respect for any action or lack of action arising out of the execution of his of office. Each Lot Owner shall be bound by the good faith actions of the Board, Officers and Committee Members of the Association, in the execution of the duties of said Trustees, Officers and Committee Members.

ARTICLE X COMMITTEES

The Association shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Trustees may appoint other committees and provide for the governance of such committee's function as deemed appropriate in carrying out its purpose.

ARTICLE XI BOOKS AND RECORDS; REVIEW; FIDELITY BOND

The books and records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

While the Sponsor maintains a majority of representation on the Association Board, it shall post a fidelity bond or other guarantee in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

While the Sponsor maintains a majority of the Association Board, it shall have an annual review of association funds prepared by an independent accountant, a copy of which shall be delivered to each Lot Owner within ninety (90) days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

ARTICLE XII
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall be subject to a per month late fee from the date of delinquency at a rate set from time to time by the Board of Trustees, and the Association as provided in the Declaration may bring an action at law if not paid within sixty (60) days after the due date against the Member personally obligated to pay the same or foreclose any lien which may arise against any property for which assessments are not paid. Late fees, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

ARTICLE XIII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words, "Yardley Manor Homeowners Association, Inc.".

ARTICLE XIV
AMENDMENTS

Section 1. Amendments of By-Laws. These By-Laws, or any of them, may be altered or repealed, or new By-Laws made, at any meeting of the Association duly constituted for such purpose, and previous to which written notice to Members of the exact language of the amendment or of the repeal shall have been sent, a quorum being present, by an affirmative vote

of 51% of the votes entitled to be cast in person or by proxy, except that: (i) the first annual meeting may not be advanced; (ii) the first Board (including replacements in case of vacancies) may not be enlarged or removed; and (iii) the obligation or the proportionate responsibility for the payment of Common Expenses with respect to Lots or the Common Property or the exemption therefrom may not be changed by reason of any such amendment or repeal. No such new By-Law amendment or repeal shall in any way affect the Sponsor unless the Sponsor has given its prior written consent thereto. No amendment, repeal or new By-Law need be recorded with the County recording office.

Section 2. Controlling Document. In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

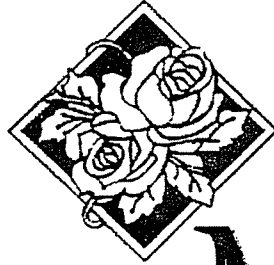
DISSOLUTION

The Association shall not be dissolved, nor shall it dispose of any Common Property by sale or otherwise (except to an organization conceived and established to own and maintain the Common Property) without first offering to dedicate the same to the Township of Old Bridge and the Township of Old Bridge shall fail to accept by resolution or other action duly adopted by its governing body said dedication for a period of sixty (60) days from the date of the offering. No amendments to these By-Laws which affect any of the rights accorded to the said Township of Old Bridge or any other governmental authority having jurisdiction over this development shall be authorized without said Township's or such governmental authority's formal consent to any such amendments, and as may be provided for in the Declaration.

ARTICLE XVI

FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.



Yardley Manor

A T ■ O L D ■ B R I D G E

**DECLARATIONS OF COVENANTS,
RESTRICTIONS AND BY-LAWS
FOR
YARDLEY MANOR HOMEOWNERS ASSOCIATION, INC.
PO BOX 328
MATAWAN, NJ 07747**

AMENDMENTS

Certificate of Incorporation
of
Yardley Manor Homeowners Association

Article II: Principal Office

The principal office and mailing address of the Association is PO Box 328, Matawan,
New Jersey, 07747