EXHIBITS B through I

FROM

PUBLIC OFFERING STATEMENT

FOR

FEE SIMPLE TOWNHOUSE OWNERSHIP

Filed by:

MONTGOMERY WOODS ASSOCIATES DEVELOPER

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EXHIBIT B BUDGET FOR THE MONTGOMERY WOODS HOMEOWNERS ASSOCIATION

MONTGOMERY WOODS HOMEOWNERS ASSOCIATION INC. ASSUMPTIONS SUPPORTING THE ESTIMATES USED IN THE PREPARATION OF THE OPERATING BUDGETS PHASE I

ADMINISTRATIVE

Bank Charges: Cost of renting the Post Office box used for collecting the mont4l: maintenance fee.

Office Supplies and Printing: Expenses for the operation of the Association; stationery.-postage, normal office supplies, telephone, etc. Management Fee: Fee to independent contractor for property management including assessment and collection of dues, negotiating and monitoring independent service contracts, financial accounting, etc. based upon \$8.00 per unit per month, with a minimum monthly fee of \$500.00.

Legal and Accounting: Based upon fees to independent consultants for legal counsel to the Board of Trustees and for an annual audit and review of the Association records and preparation of tax returns.

Insurance: Includes liability and fire insurance on Association property, Directors and Officers and Workman's Compensation insurance based or. Estimated by insurance broker.

GROUNDS

Water: Annual cost of maintaining fire hydrants.

Electric: Based on \$15.00 per standard per month for thirteen street lights plus common area lighting.

Lawn Maintenance: Fee to independent contractor for lawn and landscape maintenance covering an eight month period.

Snow Clearing: Fee to independent contractor for snow removal and sanding of parking areas, walkways and driveways.

Garbage Removal: Fee to independent contractor for refuse collection and disposal at the rate of \$150 per dumpster per month.

Painting: Fee to independent contractor for painting the doors, shutters, decks and fencing.

General Maintenance: Allowance for materials and supplies for the maintenance ran needed to properly maintain the Association's common property.

OPERATING CONTINGENCY

Money set aside to cover any unanticipated expenditure and/or capital improvements.

MONTGOMERY WOODS HOMEOWNERS ASSOCIATION INC OPERATING BUDGET BASED ON OCCUPANCY OF 85 UNITS FOR THE FIRST FULL YEAR OF OPERATION

PHASE 1

Income			
	Residential assessments (\$67/mo. X 85 units)	\$68,340	
	Interest income	1,000	
	Total income		\$69,340
Operating Exp			
<u>Adm</u>	<u>ninistrative</u>		
	Bank Charges	190	
	Office supplies and Printing	182	
	Management Fee	8,160	
	Legal	500	
	Audit	1,500	
	Insurance	9,250	
	Real Estate Taxes		200
	Income taxes	<u> </u>	
	Total Administrative		\$20,142
Gro	ounds		
<u> </u>	Water	750	
	Electric	2,500	
	Lawn Maintenance	•	19,000
	Snow Clearing	5,000	. 0,000
	Garbage Removal	0,000	5,400
	Painting	6,687	0,100
	General Maintenance	3,340	
	Total Grounds	<u>0,010</u>	\$42,677
	rotal Grounds		<u>Ψ12,011</u>
	Total Operating Expenses		
			62,819
	Operating Contingency		2,500
	Reserve for Repair and Replacement		4,021
	Total Operating Expenses and Reserv	/es	
			<u>\$69,340</u>

MONTGOMERY WOODS HOMEOWNERS ASSOCIATION INC

OPERATING BUDGET BASED ON OCCUPANCY OF 85 UNITS FOR THE FIRST FULL YEAR OF OPERATION

ANALYSIS OF REPAIR AND REPLACEMENT RESERVE

Description	Quantity	Unit Cost	Total cost	Est. Useful Life	Replacement Fund
ROADS AND	7260	\$4.00	\$29,040	20 yrs	\$1452
PARKING	SQ.YDS				
AREAS					
WALKWAYS	5580	1.50	8,370	25 yrs	335
	SQ.FT				
CURBS	5385	6.00	32,310	50 yrs	646
	LIN.FT				
ROOFS	61,078	0.65	39,071	25 yrs	1,588
	SQ.FT				

TOTAL REPAIR AND REPLACEMENT RESERVE \$4,021

ADMINISTRATIVE

Bank Charges: Cost of renting the Post Office box used for collecting the monthly maintenance fee.

Office Supplies and Printing: Expenses for the operation of the Association stationery, postage, normal office supplies, telephone, etc.

Management Fee: Fee to independent contractor for property management including assessment and collection of dues, negotiating and monitoring independent service contracts, financial accounting, etc. based upon \$8.00 per unit per month, with minimum monthly fee of \$500.00.

Legal and Accounting: Based upon fees to independent consultants for legal counsel to the Board of Trustees and for an annual audit and review of the Association c records and preparation of tax returns.

Insurance: Includes liability and fire insurance on Association property. Directors and Officers and Workman's Compensation insurance based on estimate by independent insurance broker.

GROUNDS

Water: Annual cost of maintaining fire hydrants.

Electric: Based on \$15.00 per standard per month for forty-five streetlights plus common area lighting.

Lawn Maintenance: Fee to independent contractor for lawn and landscape maintenance covering an eight-month period.

Snow Clearing: Fee to independent contractor for snow removal and sanding of parking areas, walkways and driveways.

Garbage Removal: Fee to independent contractor for refuse collection and disposal the rate of \$150 per dumpster per month.

Painting: Fee to independent contractor for painting the doors, shutters, decks and fencing.

General Maintenance: Allowance for materials and supplies for the maintenance needed to properly maintain the Association's common property.

OPERATING CONTINGENCY

Money set aside to cover any unanticipated expenditure and/or capital improvements

MONTGOMERY WOODS HOMEOWNERS ASSOCIATION INC OPERATING BUDGET BASED ON OCCUPANCY OF 340 UNITS FOR THE FIRST FULL YEAR OF OPERATION

PHASES 1-5

<u>Income</u>	
Residential assessments (\$67/mo. X 340 units) \$273,360	
Interest income 3,000	
Total income	\$276,360
Operating Expense	Ψ=: 0,000
Administrative	
Bank Charges 200	
Office supplies and Printing 793	
Management Fee 32,640	
Legal 1,000	
Audit 2,000	
Insurance 34,655	
•	1,000
Income taxes 480	.,
Total Administrative	\$72,768
Crayonda	
Grounds Wester	
Water 1,000	
Electric 9,000	00.000
	80,000
Snow Clearing 18,000	
Garbage Removal	23,400
Painting 28,333	
General Maintenance 12,500	
Total Grounds	<u>\$172,233</u>
Total Operating Expenses	245,001
Operating Contingency	10,000
Reserve for Repair and Replacement	21,359
Total Operating Expenses and Reserves	, = = =
\$276,360	

MONTGOMERY WOODS HOMEOWNERS ASSOCIATION INC

OPERATING BUDGET BASED ON OCCUPANCY OF 340 UNITS FOR THE FIRST FULL YEAR OF OPERATION PHASES 1-5

ANALYSIS OF REPAIR AND REPLACEMENT RESERVE

Description	Quantity	Unit Cost	Total cost	Est. Useful Life	Replacement Fund
ROADS AND	38,603	\$4.00	\$154,412	20 yrs	\$7721
PARKING	SQ.YDS				
AREAS					
WALKWAYS	17,091	1.50	25,637	25 yrs	1,025
	SQ.FT				
CURBS	26,498	6.00	158,988	50 yrs	3,180
	LIN.FT				
ROOFS	250,482	0.65	162,813	25 yrs	6,513
	SQ.FT				
TENNIS	3,200	9.00	28,800	15 yrs	1,920
COURTS	SQ.YDS				
TOT LOT	LUMP SUM		10,000	10 yrs	1,000
EQUIP.					

TOTAL REPAIR AND REPLACEMENT RESERVE \$21,359

MONTGOMERY WOODS HOMEOWNERS ASSOCIATION PUBLIC OFFERING STATEMENT BUDGET

INTRODUCTION

Midstate Management Corporation has prepared the following budget projections for the Montgomery Woods Homeowners Association, located in Montgomery Township, Somerset County, New Jersey. The budget projections that follow are projected on the accrual basis, that recognizes income when earned and expenses when incurred.

Montgomery Woods is a 340-unit townhouse community being developed by

Calton Homes Inc. The property is being developed in. five phases over a projected five year period; settlement will begin in January 1985.

Based on discussions with the Sponsor, the following settlement rate is used, by year, beginning with the start of settlements:

Year 1 Year 2 Year 3 Year 4 Year 5 Total

Annual Settlements 60 70 70 70 70 340 Cumulative 60 130 200 270 340

The Association will adopt an operating budget when it begins operation. At that time, the Board will also adopt a fiscal year, that may or may not coincide with the yearly pattern used in these budget considerations.

Four tennis courts and a tot lot are planned for Montgomery Woods.

The Association will provide management services to the common areas, and be responsible for the maintenance and replacement of the exterior portions of the units, including roofs.

BUDGET PROJECTIONS

The Full-Occupancy Fiscal Year Budget reflects one full year of operation at full occupancy. This budget presents income and expenses in 1984 dollars, and does not reflect inflation. The full-occupancy budget is not the operating budget that will be used by the Association as it begins operation. That budget is the consolidated first fiscal year budget, reflecting the actual income and expenses projected for the Association in its first-year of operation.

Under the Declaration, it is assumed each initial purchaser will make a contribution at settlement to the Association's Initial Working Capital Fund. This contribution is projected at an amount equal to two month's assessment. It is not a pre-payment of the assessment. The Working Capital Fund will be used to partially meet the organizing expense of the Association during the Development period.

Mrs. Alice Simpson

Calton Homes, Inc.

100 Craig Road Freehold, NJ 07728

Dear Mrs. Simpson:

The accompanying projected budget for the Montgomery Woods Homeowner's Association for the first full year of operation was prepared on the basis of assumptions and rationale provided by the Sponsor, proposed contracts for services from unaffiliated contractors and the operating experience of Midstate Management Corporation. The budget covers the projected costs of operating, maintaining and setting aside amounts as reserves for repair and replacement of the common elements. It is my opinion the estimates used in determining the operating budget including the reserve for future repair and replacement of the, common elements are adequate.

Since a projection is based upon assumptions and about circumstances and events that have not yet taken place, it is subject to variations that may arise as future events occur. Accordingly, we cannot give assurance that the projected budget will be attained. In addition, the underlying assumptions are based on current information and circumstances supplied by the Sponsor. Because circumstances may change and unanticipated events may occur subsequent to the date of this report, the assumptions and rationale must be reviewed in- light of circumstances then prevailing.

Very truly yours,
MIDSTATE MANAGEMENT CORPORATION
MICHAEL NUDELMAN

MN:ljb Enclosure

EXHIBIT C INSURANCE ADEQUACY LETTER

Buckelew &Associates

Attention:

Mrs.Alice

Simpson

Calton Homes, Inc. 100 Craig Road Freehold, N.J. 07728

Re: Montgomery Woods Townshouse Development

Montgomery Township, Mercer County

Dear Mrs. Simpson:

Buckelew & Associates has been asked to render an opinion regarding the adequacy of the insurance expense in the budget of Montgomery Woods Homeowners Association for the Townhouse Project in Mercer County, N.J. for the first full year of occupancy of Phase I and for the full occupancy of the entire 340 units through Phase V, with coverage as outlined below:

Estimated

Coverage and Limit	Annual Cost Phase I	Annual Cost Phase I - V
All Risk Type Building Coverage based on 85 unit a total value of \$3,910,000 for Phase I and 340 units a total value of \$15,640,000 for total project through Phase V, subject \$100 per claim deductible	s for 0 at 00	\$ 31,900.00
Comprehensive General Lia	_	Included Premises, Host

Liquor, Personal

Calton Homes, Inc. Page 2 August

3,1984

Coverage and Limit Annual Cost Estimated Annual
Phase I Cost Phase I –

V

Hired & Non-Owned Automobile Included Included

Liability \$500,000 Combined Single

Limit Bodily Injury and Property

Damage Liability

Worker's Compensation 4.30 4.30

\$100,000 Employers Liability per \$100 per \$100 of payroll per \$100

of payroll

Directors & Officers Liability, 525.00

1.255.00

\$1,000,000 of liability

In our opinion the above amounts as contained in the budget are reasonable and adequate to cover the insurance expense for the first year of full occupancy of the operation of Montgomery Homeowners Association and for the first full year of occupancy for the total project encompassing Phases I through V. This amount is realistic based on our experience in providing insurance for Homeowners Associations in similar developments. Of course, this estimate is not a guarantee or assurance that the actual expense for insurance will be this exact amount: Further, this firm can provide no assurance that the Board of Directors of the Association will not decide to provide for additional coverage. Finally, it can be reasonably anticipated that based on current trends of inflation, the cost of insurance will increase within the next few years. The amounts outlined above are based on 1984 costs while it is likely that this development will not reach full occupancy until sometime in the future.

Our company has been informed that this letter will be in-corporated into an application for registration with the New Jersey Department of Community Affairs and we hereby consent to its incorporation into this application.

Very truly yours,
Carole A. Cocomello, C.I.C.
Executive Vice President

CAC/ds

cc: Michael Feehan

Brener, Wallack & Hill

2-4 Chambers Street

Princeton, N.J. 08540

EXHIBIT D PROPOSED FORM OF MANAGEMENT CONTRACT

MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into this day of 1984, by and between:

MONTGOMERY WOODS HOMEOWNER'S ASSOCIATION, INC. (hereinafter referred to as "Association"),

and

Calton Management Corp. -

WHEREAS, the Association is responsible for the administration, management and operation of that certain residential development known as "MONTGOMERY WOODS, located in the Township of Montgomery, Somerset County, New Jersey (hereinafter called the "Development"); and WHEREAS, the Managing Agent posses expertise in the management, operation and administration of residential communities; and

WHEREAS, the Association desires to engage the Managing Agent to perform all the administrative, operational and management duties of the Association required for the efficient administration, operation and management of the Common Property of the Development, including but not limited to those authorized by the Declaration of Covenants and Restrictions for Montgomery Woods by Montgomery Woods Associates, (the "Declaration"), the By-Laws of the Association and those hereinafter expressly set forth:

NOW, THEREFORE, WITNESSETH that in consideration of the premises, conditions and covenants hereinafter set forth and the sum of TEN (\$10.00) DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, in hand paid by the parties hereto, each to the other, simultaneously with the execution and delivery of this Agreement, receipt of which is hereby acknowledge, the parties hereto covenant and agree as follows:

- 1. The Association herewith employs and appoints the Managing Agent as the exclusive agent for the performance of management, operational and administrative duties of the Association, and the Managing Agent herewith accepts said employment under and upon the terms and conditions hereinafter provided.
- 2. The responsibility of the Managing Agent for the performance of the administrative, management and operational duties of the Association shall commence on the date hereof or the date or recordation of the first deed conveying title to a Townhouse in Montgomery Woods by Montgomery Woods Associates, to an individual purchaser, whichever is later and shall continue for one (1) year thereafter, provided however, that either party shall have the right to terminate said Agreement with or without cause by affording the other party at least thirty (30) days prior written notice of said termination. In the event that the Association terminates this Agreement, it must have entered into a management agreement, prior to the effective date of termination, approved in writing by each Qualified Lender holding a first mortgage lien on a Townhouse . Prior written approval by each Qualified Lender holding a first mortgage lien on a Townhouse shall also be required before the effectuation of any decision by the Association to terminate this Agreement and assume self-management.
- 3. The Managing Agent agrees, notwithstanding the authority vested in the Managing Agent by terms of this Agreement, to confer fully and freely with the Board of Directors of the Association in the performance of its duties as herein set forth and to attend general membership or Board metings at any and all times requested by the Association.
- 4. It is further understood and agreed that the authority and duties conferred upon the Managing Agent hereunder are confined to the Common

Property within the Development and the Common Elements, as set forth in the Declaration. Such authority and duties shall not include supervision or management of individual Townhouses except as directed by the Association.

- 5. The services to be rendered by the Managing Agent in connection with the performance of operational, administrative and management duties of the Association are as follows:
- (a) Subject to the approval of the Board of Directors of the Association, to cause to be selected, hired and supervised, all persons necessary to be employed in order to properly perform the management, maintenance and operational duties of the

Association, which employees in each instance shall be employees of the Association, or an independent contractor, or may be employees of the Managing Agent. All personnel who are responsible hereunder for the handling of the Association's funds shall, at the expense of the Association, be bounded by a fidelity bond acceptable to the Managing Agent and the Association. All wages, salaries and other compensation paid to such employees, such as, but not limited to, unemployment insurance and social security, workmen's compensation, disability benefits, medical and surgical plans now in existence or hereafter imposed or included in union agreements which the Agent may enter into, shall be at the expense of the Association and considered as operating expenses of the Association. The Agent will prepare and file all necessary reports and make required payments with respect to the unemployment insurance, disability and social

security taxes. Anything to the contrary herein notwithstanding, the Association will be responsible for the payment of direct or indirect compensation to any employee for services actually rendered on behalf of the Association and the Association shall have the right at all reasonable times to audit all records with respect to any and all payroll or other expenses for which payment has been made by or requested of the Association.

- (b) Cause of the Common Property within the Development and the Common Elements to be maintained and kept in a first-class state of repair and cause necessary repairs and alternations to the Common Property to be made, including but not limited to electrical, plumbing, carpentry, masonry, public space, parking area, redecorating of public and common areas and such other incidental alternations or changes therein that may be proper, subject only to the limitations contained in this Agreement, or in the Declaration, the Certificate of Incorporation, By-Laws and Rules and Regulations of the Association.
- (c) Cause to be purchased, on behalf of and at the expense of the Association, all tools, equipment, supplies and materials as may be necessary and desirable for the maintenance and upkeep of the common Property. Such purchases shall be made in the name of the Association.
- (d) Subject to approval by the Board of Directors of the Association, make contracts for utilities, vermin extermination, master television antenna or cable television service and other necessary services as shall be deemed advisable.

- (e) Check all bills received by the Association for services, work and supplies ordered in connection with and for maintaining the Common Property and the Common Elements, and cause to be paid by the Association all such bills, as and when same shall become due and payable.
- (f) Collect on behalf of the Association all common expense assessments, maintenance fees, charges, monies and debts which may become due to the Association and to take such action in the name of the Association as may be required for the collection of same. For such purposes, the Managing Agent may, with the prior approval of the board of Directors of the Association, and at the expense of the Association, employ counsel designated by the Association for such purposes.
- (g) Deposit all funds collected for the Association a bank designated by the Association, in a special account or accounts denominated substantially as follows: "Montgomery Woods Homeowners Association", as the agent for the Association.
- (h) Supervise the moving in and moving out of Owners or tenants thereof and arrange dates thereof so that there will be a minimum of disturbance in the administration of the community or inconvenience to the other Owners or tenants thereof.
- (i) Maintain businesslike relations with members of the Association whose services requests and complaints shall be received, considered, acted upon recorded in a systematic fashion in order to show the action taken with respect to each.

Requests that the Managing Agent deems outside of the scope of its responsibilities or of a serious nature or complaints or requests deemed by the Managing Agent to be unreasonable shall, after thorough investigation, be reported to the Association with appropriate recommendations.

- (j) Cooperate with the Association's accountants with regard to the annual audit of the books and accounts of the Association including the annual report of the operation of the Association.
- (k) Cooperate with the Association's accountants with regard to the preparation and filing on behalf of the Association of any governmental forms or returns.
- (I) Cause to be prepared and send out all letters, reports and notices as may be reasonably requested by the Board of Directors of the Association, including any newsletters or other publications which the Board directs.
- (m) Cause all insurance required by law or otherwise to be carried and maintained in full force and effect; and to make appropriate adjustments with all insurance carriers and cause all insurance proceeds to be promptly paid.
- (n) Cause to be maintained and kept current, the Association minute book,. Owner/Membership list; prepare and give notice of the meetings to the Owners/Members and directors of the Association; provided, however, that nothing shall require Managing Agent to perform legal or professional accounting services.

- (o) Maintain records with respect to services and materials and expenses on behalf of the Association, which records shall 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 freely available for inspection by the Association's Officers and Directors on a reasonable basis.
- (p) Render to the Association a monthly statement of all collections and disbursements made, with vouchers therefor, on or before the 20th day of the next succeeding month, and at such other times, at the option of the Association, as shall be consistent with collections, expenditures and commitments for the Association. Such statements shall be prepared at the Managing Agent's expense.
- (q) Prepare or arrange to be prepared an annual operating budget for submission to the Board of Directors of the Association no later than thirty (30) days before the end of each fiscal year of the Association for the next succeeding fiscal year.
- (r) Arrange for snow removal from and maintenance of all roads, sidewalks and parking areas.
- (s) Arrange for the removal of refuse from all buildings and common areas.
- (t) Generally do all things deemed reasonable, necessary or desirable by the Board of Directors of the Association to oversee the proper management of the Development.

- (u) To notify the Association of any practice, procedure or activity or other matter connected with the Development, which in the opinion of the Managing Agent, may constitute a violation of any ordinance, code, governmental regulation, provision of the Declaration, provision of the By-Laws of the Association or Rule or Regulation of the Association.
- 4. All the purchases and expenditures made by the Managing Agent shall be made out on behalf of and to the credit of the Association, and 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 \$500.00 per expenditure, or \$5,000.00 in the aggregate on an annual basis, unless said expenditure(s) are specifically authorized by (i) the Board of Directors of the Association, (ii) an approved operating budget of the Association or (iii) the same is immediately required by law or under circumstances where such expenditures are required to eliminate or prevent an emergent danger to life or limb, or an imminent and substantial loss of or damage to the Common Property or Common Elements, in which cases, such expenditure(s) may be made by the Managing Agent, irrespective of the above limitations.
- 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, including the retention of legal counsel, accountants and other professional services as may be necessary, subject to proper approval thereof by the Board of Directors 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. In the event that at any time there be insufficient funds in the custody of 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 which 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.

- 6. Any vending machines, pay telephone, or other coin-operated equipment which may be installed in any building shall be for the benefit of the Association and any income arising therefrom shall accrue to and be allocated to the maintenance, administration, upkeep and repair of the Common Property. The Board of Directors of the Association shall first approve the installation of any such machines.
- 7. The Association agrees to pay the Managing Agent for all services to be performed in connection with the performance of management, administrative and operational duties of the Association the sum of Eight and 00/100 (\$8.00) Dollars per Townhouse (for which services are provided hereunder) per month. The first such installment (prorated according to the days remaining in the month) shall be due upon the date the Association commences operation. Subsequent installments shall be payable on the first day of each month thereafter, in advance, for the term of this Agreement.
- 8. The Managing Agent is and shall have general authority and 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 is less than that contemplated by the proposed budget set forth in the Public Offering Statement prepared by the Sponsor of the Development.

- 9. The Managing Agent shall, at the expense of the Association, cause to be placed and kept in force all forms of insurance as required by the Declaration, the By-Laws of the Association or the laws of the State of New Jersey. Until the first meeting of the Board of Directors following the first annual meeting of the members of the Association, this shall be limited to:
 - (a) Public liability insurance for claims for bodily injury and property damage in amounts no less than \$1,000,000.00 per occurrence.
 - (b) Workmen's compensation insurance as required by law.
 - (c) Such other insurance coverages required by the Association's By-Laws.

The Managing Agent shall promptly investigate and make a full written report as to all accidents or claims for damages relating to the management, operation and maintenance of the community, including any damage or destruction to the Common Property, the estimated cost of repair and shall further cooperate and make any and all reports required by any insurance carrier in connection therewith.

10. (a) The Managing Agent shall not be liable to the Association for any loss or damage not caused by the Managing Agent's gross negligence or willful misconduct or not caused by the Managing Agent's own failure to comply with its obligations 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 Development, from any cause except the gross negligence or willful misconduct of the Managing Agent; and,
- (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 however, 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 injury, such liability, damages, penalties, costs and expenses.
- (b) The Association shall carry contractual liability insurance, specifically covering the indemnity provisions contained in subparagraph (a) hereof, and 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.
- 11. In the event a petition in bankruptcy is filed by or against the Association or the Managing Agent, or in the event that either shall make 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 upon having been deposited in the United States Mails, addressed to the party for whom it is intended as first set forth above.
- 13. This Agreement may not be transferred or assigned by either party without the written consent of the other.
- 14. Upon termination of this Agreement, the parties shall account to one another with respect to all matters outstanding as of the date of termination, and the Association shall furnish to the Managing Agent security satisfactory to the Managing Agent, against any outstanding obligations or liabilities which may have been incurred hereunder.
- 15. This Agreement shall constitute the entire understanding between the parties, and no variance or modifications thereof shall be valid and enforceable except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.
- 16. In the event of any dispute between the parties hereto as to the terms of this Agreement, such dispute shall be submitted to binding arbitration in accordance with the then current rules of the American Arbitration Association before one (1) arbitrator selected from the Panel of Arbitrators of the American Arbitration Association, in New Brunswick, New Jersey. It is further agreed that a judgment on the award of the arbitrators may be entered by any court of competent jurisdiction.

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

ATTEST:		MONTGOMERY WOODS HCM:EOWNE ASSOCIATION		
		Ву:		
Sec President	retary			
ATTEST:				
 By:				
Sec	retary			
President				

EXHIBIT E

PROPOSED FORM OF DEED TO

THE MONTGOMERY WOODS HOMEOWNER'S ASSOCIATION

This Deed is made on , 1954,

BETWEEN Montgomery Woods Associates, A Joint Venture, General Partnership formed under the laws of the State of New Jersey, having an office located at 100 Craig Road, Freehold, New Jersey 07728, referred to as the Grantor,

AND Montgomery Woods Homeowners Association, Inc., a not-forprofit corporation formed under the laws of the State of New Jersey, whose post office address is Montgomery Township, New Jersey 07978.

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. This transfer is made for the sum of One (\$1.00) Dollar. The ownership of the property is fee simple, subject to restrictions of record. The Grantor acknowledges receipt of this money.

Description of Property. The property being conveyed by this Deed is located in the Township of Montgomery, County of Somerset, State of Jersey, more particularly described in Schedule A, attached hereto. This property is subject to the covenants, conditions and restrictions on use contained in The Montgomery Woods Homeowner's Association Declaration of Covenants, Conditions and Restrictions recorded in the- office of the Somerset County Clerk.

Prepared by:	

Covenants, Conditions and Restrictions which may restrict the property contained in Schedule A as of the time of execution of this Deed. This promise is called a "covenant as to grantor's acts" (N-3-S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any other legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor) as of the time of execution of this Deed.

Signatures. This Deed is signed, sealed and attested to by t:-.e Grantor's proper officers as of the date at the :op of the first page.

Attested by:	MONTGC'MERY	WOODS
ASSOCIATES		
	By:	
Alice M. Simpson, Secretary	Anthony J. Caldarone. Pi	resident

EXHIBIT F

AGREEMENT OF PURCHASE AND SALE AT MONTGOMERY WOODS

NOTICE TO THE PURCHASER: YOU HAVE THE RIGHT TO CANCEL THIS AGREEMENT E "SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER E MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DATE IT WAS EXECUTED. SL;' CANCELLATION IS WITHOUT PENALTY, AND ANY DEPOSIT PAID SHALL BE PROMPTL\ REFUNDED.

AGREEMENT OF SALE

Montgomery Woods by Montgomery Woods Associates

ORIGINAL - REWRITE __TRANSFER SUB/SEQ___

	and upon the ter	ms and conditions as se	and agrees to purchase the triplet forth below and on the att	
		O . ,	Address	
Block	Lot	Plan	Elev	
Business Phone: Buyer _		Co-Buyer:		
Buyer:		Home phone: _		
Co-Buyer:		Relationship		
Present address				
Present Home Yes(To Sell No acc Base Price \$	cept contingency	sales) Occupied	No	
Premium Lot				
Options:				
TOTAL PRICE: TERMS CASH OR CHECK AT SIGI CASH OR CERTIFIED CHE		REEMENT ON OR BEFORE19	\$ }- \$	
ADDITIONAL DEPOSIT DU	JE		\$	
CASH OR CERTIFIED CHE	ECK AT TIME OF S	SETTLEMENT	\$	
MORGAGE LOAN REQUIF	RED BY BUYER:			
TYPE		AMOUNT	\$	
INTEREST RATE				
YEARS		TOTAL P	RICE \$	

OTHER CONDITIONS: ALL AGREEMENTS MUST BE IN WRITING, VERBAL REPRESENTATIONS ARE INVALID AND NON-BINDING.

Buyer acknowledges that Seller has provided Buyer with a copy of the Public Offering Statement for the Development as currently registered with the New Jersey Department of Community Affairs.

Witness our hand this		day of	, 19
	Buyer		
-	Buyer		
	Buyer		

STATE OF NEW JERSEY COUNTY OF

BE IT REMEMBERED, that on May	, 1983, before me the
Subscriber, persona	ally appeared Alice M. Simpson,
who, being duly sworn on her oath,	deposes and makes proof to my
satisfaction that she is the Secretary of I	Montgomery Woods Associates, the
entity named in the within Instrument;	that Anthony J. Caldarone is the
President of said entity, that the execut	tion, as well as the making of this
instrument, has been duly authorized by a	a proper resolution of the Partnership
Management Committee of Montgomery	/ Woods Associates, and that said
Instrument was signed and delivered	by said President as and for the
voluntary act and deed of said entity, in pr	resence of deponent, who thereupon
subscribed his name thereto as attending	witness.

SWORN TO AND SUBSCRIBED DEPONENT
BEFORE ME THE DATE AFORESAID

Alice-M. Simpson, Secretary

APPROVAL AND ACCEPTANCE

Pursuant to an authorizing resolution, of the Montgomery Woods Homeowners Inc, a

not-for-profit corporation, organized and existing under the laws of the State of New Jersey the foregoing Deed is hereby approved and accepted as binding upon The MONTGOMERY WOODS Homeowners Association, Inc., its successors and assigns.

INWITNESS WHEREOF, The MONTGOMERY WOODS Homeowners Association, Inc. has caused this Instrument to be executed this day of May, 1983 by its President and attested by its Secretary, and its corporate seal affixed hereto.

ATTEST:	THE MONTGOMERY WOODS HOMEOWNERS ASSOCIATION, INC.
BY:	By :
Secretary	Secretary

ACKNOWLEDGEMENT STATE OF NEW JERSEY COUNTY OF

BE IT REMEMBERED, that on May , I983, before me th
Subscriber, personall
appeared , who,being by me dul
sworn onoath, deposes and makes proof to m
satisfaction that is theSecretary of th
MONTGOMERY WOODS Homeowners Association, Inc., th
Corporation named in the within Instrumen
that is the
President of said Corporation; hat the execution, as well as the makin
of this Instrument, has been authorized by a proper resolution of th
Board of Trustees of the said Corporation; that deponent well know
the corporate seal of said Corporation and that a seal affixed and sai
Instrument signed and delivered by said President a
and for the voluntary act and deed of said Corporation , in presence of
deponent, who thereupon subscribed name hereto a
attesting witness.
SWORN TO AND SUBSCRIBED BEFORE DEPONENT
ME THE DATE FORESAID

110684 MJ F4

- I. Buyer agrees to make an application with a lender of its choice for the mortgage loan referred to herein within fifteen (15) calendar days from the execution of this Agreement. Buyer further agrees to fully cooperate with Seller, International Mortgage Company, and/or other lender in the production of necessary information required for mortgage loan approval and to furnish any such information within fifteen (15) calendar days after request therefor. If Buyer fully performs under this Agreement but is not approved for a FHA, VA or Conventional mortgage loan as indicated herein or is at any time disapproved for such a mortgage, then Seller may, without prior notice or demand, terminate this contract. Upon such termination, Buyer's deposit shall be promptly refunded.
- 2. If this sale is financed by a FHA insured loan, it is expressly agreed that, notwithstanding any other provisions of this contract, the Buyer shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposited or otherwise unless the Seller has delivered to the Buyer a written statement issued by the Federal Housing Commissioner setting forth the appraised value of the property for mortgage insurance purposes of not less than the purchase price stated herein, which statement the Seller hereby agrees to deliver to the Buyer promptly after such appraised value statement is made available to the Seller. The Buyer shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the appraised valuation made by the Federal Housing Commissioner.
- 3. If this sale is financed by a VA insured loan, it is expressly agreed that, notwithstanding any other provisions of this contract, the Buyer

shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the property described herein, if the contract purchase price or cost exceeds the reasonable value of the property established by the Veterans Administration. The Buyer shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the reasonable value established by the Veterans Administration.

- 4. Seller agrees to place deposits or down payments received from the Veteran Buyer in a special trust account as required by 38 USC 1806.
- 5. Buyer represents that he has sufficient cash available (together with the mortgage or mortgages referred to) to consummate the within transaction.
- 6. Should Buyer fail to make payment of any additional monies as herein mentioned, or furnish false or incomplete information to the Seller, the Seller's agent, or the mortgage lender, concerning the Buyer's legal or financial status, or fail to cooperate in the processing of the mortgage loan application, which acts would result in the failure to obtain the approval of a mortgage commitment, or fail to comply with any of the terms of this Agreement, then the Buyer shall be in default under this Agreement and the sum or sums paid on account of the purchase price and/or any other extras which have been installed shall be forfeited as liquidated damages for failure of the Buyer to settle, but the total of said liquidated damages shall not exceed ten (10%) percent of the purchase price plus the cost of the extras installed.
- 7. If Seller's cost of construction is increased between the date of this agreement and the date of closing, Seller shall have the right by written

notice to Buyer given prior to closing to increase the purchase price set forth herein to reflect such increase and Buyer shall have only the option of (a) accepting the new purchase price or (b) canceling this Agreement and receiving the return of all deposits hereunder, with both Seller and Buyer released from all obligations under this Agreement. Seller shall notify Buyer of the new purchase price in writing by certified or registered mail and if the Buyer does not notify Seller of its acceptance of the revised purchase price within ten (10) days after notice is sent, Buyer will be deemed to have cancelled this Sales Agreement and the deposits shall be refunded. The Seller will give at least sixty (60) days notice of any such price increase. Any price increase will be based upon increased cost of labor and materials according to the percentage increase, between the first day of the month of the execution of this Agreement, and the first day of the month of anticipated delivery, in the labor and materials price index published by the Bureau of Statistics of the U.S. Department of Labor.

- 8. Seller reserves the right to substitute materials, fixtures, equipment and appliances of substantially equal quality as those specified in the plans and specifications and/or any standard items displayed in the model homes. Seller further reserves the right to make changes in construction as may be required from time to time by any lender making loans on the Property or the Development, by an entity or agency insuring, guaranteeing or purchasing loans or assisting in the financing of the Property or the Development, by any governmental law or regulation, by labor or material shortages or stoppages, or by emergencies involving the national defense.
- 9. Seller shall not be held responsible for and is hereby released from all loss, liability or expense by reason of any delay in completion due to

inclement weather. fire, storm or other casualty, strikes, lockouts or other labor disputes affecting either Seller or any of Seller's suppliers of material or labor, delay in issuance of permits, acts of war, emergency proclamation, governmental regulations, and any delay not due to any fault of Seller. (See Paragraph 29).

- 10. If the construction has not begun at the time Seller executes this contract, construction shall commence at a reasonable time after approval of Buyer's loan and Seller shall exercise its best efforts to complete the same within twelve (12) months thereafter, weather, labor and material conditions permitting, and if the residence is not completed within said twelvementh (12-month) period, Buyer's deposit will be refunded on Buyer's demand, and this contract shall become null and void.
- 11. Unless already chosen by Seller as of date Buyer executes this contract, Buyer shall make the color and optional item selections from the choices provided by Seller within five (5) calendar days after Seller's request therefor. Said selections shall be final. In the event Buyer does not make said selections within said five-day (5-day) period, Seller shall have the right to make such selection for the Buyer. If a color chosen is unavailable, Seller may substitute a color compatible with the general color scheme.
- 12. It is understood that no changes in construction ordered by Buyer will be made unless authorized in writing by the Buyer and approved by the Seller at a cost agreed upon and approved by the Seller in writing. The cost of any such changes requested by the Buyer will be paid in cash by the Buyer

prior to the commencement of such changes. Seller may, at Seller's option, require additional deposit money to be paid under this agreement in the event that the Seller agrees to any such changes in construction required by Buyer.

- 13. Loss-or damage to the said premises by fire, storm or other casualty between the date hereof and settlement hereunder shall not void or impair this agreement, but all loss by way of fire, storm or other casualty is to be the responsibility of the Seller. (See paragraph 29)
- 14. If the terms of this Agreement do not comply with existing or future regulations, restrictions and conditions of the Federal, State or Municipal Governments or any agency thereof, Seller, at its option, may cancel this Agreement by returning to the Buyer the sum or sums paid on account of the purchase price, without interest, and this Agreement shall thereupon become cancelled, null and void, and Seller shall have to further liability whatsoever to the Buyer.
- 15. The closing of the sale shall occur no earlier than upon five (5) days notice by Seller to the Mortgagee that Seller is prepared to close and (a) Buyer's mortgage has been approved or (b) if no mortgage has been requested, the construction of the residence has been substantially completed. The notice of closing shall specify the date and place for closing. Buyer agrees that upon notification thereof, Buyer shall appear at time and place designated by Seller for the purposes of closing and shall produce and execute all documents and deposit all funds necessary to consummate the within transaction. It is specifically agreed that the closing of the mortgage or delivery of possession shall under no circumstances be delayed due to any uncompleted outside work. Any fluctuation in the interest rate between the time Buyer obtains approval for such mortgage and the closing of the sale shall not relieve Buyer of any obligations hereunder unless the mortgage loan for which Buyer obtains approval is a VA or FHA loan and such fluctuation renders the loan ineligible for VA guaranty or FHA insurance.

- 16. Title to the premises is to be good and marketable and such as will be insured at regular rates by a responsible title insurance company doing business in the State of New Jersey. The premises shall be conveyed free and clear of all liens and encumbrances except (a) existing restrictions, conditions and easements, if any, (b) restrictions, conditions, easements, if any, required to be placed on the premises by Federal Housing Administration or any other Federal, State or Municipal Agency, (c) restrictions, conditions, easements created by or on behalf of Seller at or prior to settlement hereunder, (d) zoning ordinance and any other act or ordinance affecting the use of, and improvements to, said premises, (e) agreements with telephone, gas, water, electric and other public utility companies, (f) easements with respect to public or private sewers, storm sewers or surface water courses, (g) added assessments under N.J.S.A. 54:4-63.1, h) facts which an accurate survey would reveal, (k) any other exception referred to in the Public Offering Statement.
- 17. The Seller agrees to pay all costs and assessments for all of f-site improvements included in the plans and specifications or commenced or completed at the time of settlement.
- 18. Taxes, water and sewer charges, property rentals and other current charges shall be adjusted as of the date of settlement, unless possession be given prior thereto, in which case all such adjustments shall be made as of the date of delivery of possession. (See Paragraph 32).
- 19. Seller agrees to deliver at closing an adequate affidavit of Title, an Affidavit of Consideration or Exemption, corporate resolution, a Certificate of Occupancy, appropriate new homeowner's warranty forms, and a Bargain and Sale Deed with covenants against grantor's acts.

- 20. The Seller shall pay for the drawing of the deed and realty transfer fee thereon, if any be necessary, but all searches, title insurance, mortgage application and processing expenses and other conveyance expenses are to be paid for by the Buyer. If a survey is requested by Buyer, Buyer agrees to accept and pay for final survey in the Amount of \$__to be ordered by Seller from a licensed surveyor.
- 21. Possession of the subject property shall be delivered to Buyer when closing has occurred and a Certificate of Occupancy has been issued. In the event Buyer enters the subject property prior to such time, Buyer acknowledges and agrees that Buyer is doing so at Buyer's own risk. Possession will be given by deed upon completion of final settlement and full payment of the balance of the money called for under this agreement and any supplementary agreement covering extras, changes, etc., together with all settlement charges; agreements between Buyer and Seller as to items to be completed after settlement shall survive settlement, but as to other matters settlement shall be final. Issuance of a Certificate of Occupancy by the municipality in which the subject property is located shall be accepted by the parties hereto as conclusive evidence that the residence and other improvements have been completed according to the plans and specifications therefor.
- 22. Within twenty-four (24) hours prior to closing of title, Buyer shall perform a pre-closing inspection of the premises with the Seller or Seller's representative during normal .business hours, at which time a list of items requiring completion, adjustment or repair will be compiled and signed by both Buyer and Seller. Seller agrees to complete the items on said list within a reasonable time thereafter.

- 23. The Seller agrees to give the Buyer certain warranties concerning the construction of the residence and improvements to the Common Property as follows:
 - 1. The Seller warrants the construction of the residence in accordance with the provisions of the New Jersey New Home Warranty and Builders' Registration Act, N.3.S.A. 46:3B-1 et seq. The Seller will enroll the residence in an approved warranty security plan at or promptly after closing. The Seller will pay all requisite fees and premiums for enrollment and coverage, provided that the Buyer will be responsible for any deductibles which are a part of the warranty security plan.
 - 2. The Seller warrants that any outbuildings, driveways, walkways, patios, retaining walls and fences installed by the Seller and constituting a part of the residence will be free from substantial defects due to faulty materials or workmanship for a period of one year from the date of closing or the date of possession, whichever first occurs.
 - 3. The Seller warrants that drainage of surface water runoff is proper and adequate.
 - 4. The Seller warrants that all Off-site improvements installed by the Seller in constructing the Development will be free from defects due to faulty materials or workmanship for a period of one year from construction of the improvement(s).

- 5. The Seller warrants that the residence is fit for its intended use.
- 6. The Seller warrants that improvements to the Common Property in the Development or common facilities installed or constructed by the Seller will be free from substantial defects due to faulty materials or workmanship for a period of one year from construction of each improvement or facility.
- 7. The Seller warrants that improvements to the Common Property in the Development or common facilities installed or constructed by the Seller are fit for their intended use, and that the Seller will correct any such defect within a reasonable time after notification of the defect. This warranty will constitute the sole obligation of the Seller to the Buyer and owners of residences with respect to the improvements to the Common Property and common facilities. When the Seller has surrendered control of the Association's Board of Directors to Owners other than the Seller, the Association will be obligated to remedy any obligation of the Seller with respect to the Common Property. The Buyer will have no right or right of action against the Seller with respect to the Common Property after that surrender of control.
- 8. The Seller warrants that the residence and Common Property will substantially conform to the sales models,

descriptions or plans used to induce the Buyer to sign this agreement, unless otherwise provided in this Agreement.

9. At the closing, the Seller will assign to the Buyer any unexpired warranties issued by the manufacturers or suppliers of appliances, equipment or other personal property installed in or sold with the residence. The Seller does not independently warrant, any such appliance, equipment or other personal property except to the extent required under sub-paragraph I of this Paragraph 23.

The Seller expressly disclaims any implied warranty or warranty arising by virtue of law with respect to the residence, or anything contained in the residence, or which would otherwise arise by virtue of the making of this Agreement. This means that the only warranties which are given by the Seller to the Buyer are those listed above. By signing this agreement, the Buyer acknowledges and agrees to the following statements:

- (a) That the Seller is not obligated to repair or replace any part of the subject premises unless it is covered by one of the warranties listed above;
- (b) That the Seller has not made any promises or representations as to the condition of the subject premises except in this Paragraph 23;

- (c) That the Seller has not authorized anyone else to make any promise or representation as to the condition of the subject premises, or to vary the provision of this Paragraph 23; and
- (d) That the furniture, decorations or upgraded appliances in the sates models are for display purpose only and are not included in the sale of the residence unless separately agreed to in writing.

The Seller also expressly disclaims liability for any consequential damages arising out of any breach of warranty. This means that the Seller will not be responsible if any person suffers an injury, or other property is damaged because of a defect in any warranted item. By signing this Agreement, the Buyer agrees that the Seller will not be liable for consequential damages.

- 24. Buyer acknowledges there are no implied warranties of merchantability and fitness for any purpose except those express warranties set forth in the Home Owners Warranty (HOW) policy.
- 25. The price of this lot is not based on any number of trees. Seller may remove such trees as it deems necessary, or advisable, and the continued life of any remaining trees is not guaranteed. After settlement, Seller shall have no responsibility for the continued life or removal of any trees. Seller shall not be required to well trees or erect retaining walls.
- 26. The lot will be graded in accordance with Seller's grading plan and the natural topographic relief to provide flow of surface waters.

Modifications to plan may take place at Seller's discretion in order to preserve existing vegetation.

- 27. Buyer expressly agrees not to assign, sell or in any manner transfer this contract or any right, title or interest therein without first obtaining the written consent of the Seller thereto. It is further agreed that no assignment, sale or transfer by Buyer of this contract or any right, title or interest therein shall be valid nor shall it be recognized by Seller unless written consent thereto is endorsed by Seller on Buyer's copy of this Agreement. This Agreement shall not be recorded in the Office for the Recording of Deeds or in any other office or place of public record and if Buyer shall record this Agreement or cause or permit the same to be recorded, Seller may, at his option, elect to treat such act as a breach of this Agreement.
- 28. This contract supersedes all prior contracts between the parties hereto. There are no collateral understandings, representations or agreements other than those contained herein or added by written instrument attached hereto, duly executed by Buyer and Seller. No salesman, employee or agent or seller has any authority to modify the terms hereof, or to make any agreements, representations or promises which might postpone, limit, modify, or extinguish the terms hereof. No agreement or representation has been made by Seller, its agents or representatives to obtain any loan for Buyer or to guarantee the Buyer will secure any loan.
- 29. If the Seller is not able, for reasons beyond its control, to deliver the Deed on the date set for closing, the Seller may postpone the closing for up to six (6) months. To exercise this right, prior to the anticipated date of closing, the Seiler must notify the Buyer in writing that the closing has been

postponed. If, after this period has expired, the Seller is still unable to deliver a Deed for reasons beyond its control, either party may terminate this agreement by so notifying the other party in writing. If this agreement is terminated the Seller will promptly return to the Buyer all deposit monies paid under this Agreement without interest. The Seller will also reimburse the Buyer for the expenses of title searches or surveys which the Buyer has incurred if the Buyer produces adequate proof that the Buyer has paid or been charged these expenses. When the Seller returns the deposit monies and makes any applicable reimbursement to the Buyer, neither the Buyer nor the Seller will have any further rights or obligations under this Agreement.

The Buyer agrees that if the Seller postpones and/or terminates this Agreement under this Paragraph, the Seller will not be responsible for any expenses which the Buyer might incur as a result of the delay or termination. These expenses will include, but not to limited to storage of the Buyer's furniture or other personal property and substituted housing.

30. Upon closing of title, Buyer will become a member of the Homeowner's Association for the Development. Buyer will be a member of the Association for as long as Buyer owns the Townhome, and will abide by the Association's By-Laws and Rules and Regulations. The Townhome and Buyer's membership in the Association are subject to all of the terms of the Declaration of Covenants and Restrictions which the Seller has or will have recorded for the Development, the Association's Certificate of Incorporation, By-Laws and Rules and Regulations (all of which documents are referred to collectively in this agreement as the "Constituent Documents"). the Constituent Documents and their exhibits set forth the rights and obligations of

Buyer, the Association and other Townhome owners when Buyer owns the Townhome. Any amendments to the Constituent Documents which are now or hereafter lawfully trade will also be binding on Buyer. Copies of the Constituent Documents are reproduced in the Public Offering Statement.

- 31. At the time of closing, Buyer and Seller will adjust maintenance charges for the month of closing. Buyer will also pay to the Association, a non-refundable contribution to working capital equal to two (2) months Common Charges for the Townhome, and deposit an additional two (2) months Common Charges to be held in escrow to be applied if there is a default by Buyer in the payment of monthly Common Charges.
- 32. All deposit monies or other sums paid by Buyer to Seller prior to closing will be held in escrow by Perry & Blum, Esqs., in a trust account maintained at Midlantic National Bank/Merchanics Neptune New Jersey. At the option of Seller, this account may bear interest, with interest to accrue to the benefit of Seller. Such monies shall remain in escrow until closing or earlier termination of this Agreement, or unless Seller provides a bond or other guarantee acceptable to the Department of Community Affairs.
- 33. If Seller defaults under the terms of this agreement, Buyer's sole remedy shall be to terminate this agreement whereupon Seller shall promptly refund all deposit monies paid, together with the costs of title examination and survey actually incurred by Buyer, if any. Upon Buyer's receipt to this refund, neither party shall be under any further obligation to other.
- 34. In addition to the Lot and Townhome constructed or to be constructed thereon, Buyer will receive a beneficial interest in and to the

Common Property lot in the Development, which interest shall be appurtenant to the Lot. The Common Property will be owned, managed, operated and maintained by the Association for the benefit of all owners of Townhomes in the Development. The funds necessary to operate and repair the Common Property (as well as other common expenses and the cost of services provided by the Association) are obtained by the Association through the Common Charge Assessments which are paid by the Townhome Owners. The Public Offering Statement describes Seller's obligation to install certain improvements to the Common Property. Buyer should consult the Public Offering Statement in order to determine the kind, nature, extent, capacity and availability of the Common Property, including improvements installed or to be installed and the Sponsor's obligations to provide that property and those facilities. When Buyer is the Owner of the Townhome, Buyer will be entitled to use the Common Property for the purposes for which it is intended. This right is governed by and subject to the Association's By-Laws and Rules and Regulations. Buyer should consult the Public Cffering Statement for the Development for limitations and restrictions which are imposed or exist upon the use and availability of the Common Property.

35. Buyer agrees that at the time of closing, Buyer will execute the Deed appointing Seller as Buyer's attorney-in-fact for the purposes of amending the Constituent Documents without Buyer's prior consent if required by an institutional lender making mortgage loans to purchasers, the title insurance company selected to insure title or a governmental or quasi-governmental agency, so long as any such amendment neither increases the financial obligation of Buyer under the Constituent Documents nor reserves any

additional special privileges to Seller under the Constituent Documents. Buyer acknowledges that this power of attorney is coupled with an interest in the subject matter. If Seller requests, Buyer will sign a separate power of attorney without charge, but at no cost or expense to Buyer.

- 36. The balance of the purchase price due at closing (and any additional deposits due on account of extras or options requested by Buyer) will be paid in cash or by certified funds. "Certified funds" means a check of the Buyer which has been certified by Buyer's bank and may not be stopped. It also means a cashier's, treasurer's or official bank check which the bank has drawn on itself. It does not mean an attorney's trust account check or a check drawn by a bank on an account which it maintains with another bank.
- 37. If Buyer was introduced to Seller by a real estate broker or salesperson with whom Seller has signed a listing agreement (or who is a member of a multiple listing system in which the Townhome has been entered by Seller), Seller will be responsible for the commission or fee of a broker or salesperson. The Buyer understands that if any other broker or salesperson (except an employee of Seller) asserts, that a commission or fee is due for assistance given to the Buyer, the Buyer will be responsible for that commission or fee. The Buyer will also be required to pay the Seller's attorney fees is such a broker or salesperson sues the Seller because of an action of the Buyer.
- 38. Trap Rock Industries has been operating for many years a rock and stone quarry which is located less than one (1) mile from Montgomery Woods. As a result of the proximity of this quarry to Montgomery Woods, noise and vibration are generated due to blasting and other quarry operations, which take place at the quarry and the truck traffic coming to and from the quarry. In

addition, some dust is generated due to the aforementioned quarry operations. In executing this agreement, Buyer(s) acknowledge that they have been made fully aware of the above mentioned information by the Seller.

EXHIBIT G

PROPOSED FORM OF DEED CONVEYING TITLE IN TOWNHOUSE FROM MONTGOMERY WOODS ASSOCIATES TO PURCHASER

	THIS DEED is this	day of	in the
year 19	between MONTGOMERY W	OODS ASSOCIATES	S, a New Jersey
General P	artnership, having an office	at 100 Craig Road,	Freehold, New
Jersey, ref	erred to in this document as	"Grantor", and residi	ng or located at
referred to	o in this document as "Gr	antee". (The words	"Grantor" and
"Grantee" i	nclude all Grantors and all Gra	antees under this Dee	ed.)
In return fo	r the payment to the Grantor b	y the Grantee of	
(\$) Dollars, the Grantor gran	nts and conveys to th	e Grantee all of
the land loo	cated in the Township of Mont	gomery County of So	merset, State of
and New J	ersey, specifically described a	s follows:	
	Lot in Block as appearing	on a map entitled	l: Final Plat of
Montgome	ry Woods Section dated wh	ich was filed in the	e Office of the
Somerset (County Clerk on in Case No.,	Sheet This land is	s referred to in
this Deed a	as the "Property."		
	The Property is now designate	ated as Lot in Block o	on the municipal
tax map of	the of (or as Account-No.).	
	(Check box if applicable) No	property tax identifica	ation number for
the land is	available at the time of this co	nveyance.	
	This conveyance is subject	ct to the following:	the covenants,
conditions,	restrictions and easement	s included in the	Declaration of
Covenants	and Restrictions for Montgom	ery Woods dated	and
recorded in	n the	Somerset County C	Clerk's Office on
		in Deed Book	at page
	et seq. and the By-Laws o	f Montgomery Wood	s Homeowner's
Association	n together with any amendmer	nts or supplements to	the Declaration
or By-Laws	3		
	This Deed was prepared b	y:	

which have been or may hereafter by lawfully adopted, including all easements, terms, conditions, reservations, rights-of-way, air rights, covenants of record, governmental statutes, ordinances and regulations, possible added assessments for the year of sale as set or levied under N.J.S.A. 54:4-63.1, et R. and all facts that an accurate survey may disclose.

This Deed entitles the Grantee to have and to hold for its proper use and benefit forever the premises and all its subject to as described in this document.

The Grantor covenants that the Grantor has done nothing which encumbers or adversely affects title to the Property or the Common Property.

By the acceptance of this Deed, the Grantee consents to any future amendments or revisions of the Declaration mentioned above or the By-Laws of the Montgomery Woods Homeowner's Association (referred to in this Deed as the "Constituent Documents"), which may be required by the laws or governmental agencies of the State of New Jersey in connection with the sale of any property described in either of the Constituent Documents; and/or by any title insurance company insuring title to any portion of the lands subject to the Declaration at the Grantor's request; and/or by an institutional lender (including the Grantor) providing mortgage loans to owners of lands subject to the Declaration.

If an amendment is required for any one of the reasons described above, then the Grantee expressly agrees that the Grantor is authorized, on behalf of the Grantee, to sign and record any document necessary to make the amendment effective. This authority is called a power of attorney and the Grantor, in exercising this authority, is referred to as the Grantee's attorney-infact. By this Deed, the Grantee designates the Grantor as having this authority. This power of attorney will be binding upon anyone who claims an interest in the

Condominium Unit by or through the Grantee, such as a mortgagee, other lienholders, a purchaser, a tenant or someone with an interest acquired through a will or by operation of law. If an amendment is required for one of the reasons expressed, only the signature of the attorney-in-fact is required in order for the amendment to be effective. However, the Grantor may not exercise its authority as attorney-in-fact without a separate written consent of the Grantee if the amendment would increase the financial obligations of the Grantee under the Constituent Documents; or reserve any additional special privileges for the Grantor.

The Grantor declares and acknowledges that this power of attorney is coupled with an interest in the subject matter. The Grantee understands that the Grantor has caused the Constituent Documents to be adopted, recorded, and is binding on the owners of all lands subject to the Declaration for the mutual benefit of the owners of all the lands subject to the Declaration, the initial seller of the lands subject to the Declaration and the present owner of land subject to the Declaration has an interest in the amendment of the Constituent Documents under the circumstances described. For this reason, this power of attorney may not be revoked by the Grantee.

The power of attorney will be effective for a period of five years from the date this document is signed. This power of attorney shall not be affected by death or disability of any principal.

The Grantor has received the full payment from the Grantee.

This Deed is signed by the Grantor's corporate officers and its corporate seal is affixed on the date first mentioned above.

ATTEST:	MONTGOMERY WOODS ASSOC., Grantor By: Calton Homes, Inc	
	 By:	
Assistant Secretary	Vice President	
	(L.S.) Grantee	
WITNESS:	Granice	
	L.S.) Grantee	
	Grantee	

CERTIFICATE OF ACKNOWLEDGEMENT BY INDIVIDUAL

ements and proofs in this State.
that it was made before me.
19 ,
an one person appears the words
ed who appeared before the officer
satisfied that this person is the
Deed. This person acknowledged
this person's act and deed for the
(Officer's signature and title)

CORPORATE PROOF BY THE SUBSCRIBING WITNESS STATE OF NEW JERSEY) COUNTY OF | am a an officer authorized to take acknowledgements and proofs in this State.

On , 19 ,("the Witness) appeared before me in this person. The Witness was duly sworn by me according to law under oath and stated and proved to my satisfaction that:

- 1. The Witness is the Assistant Secretary of Calton Homes, Inc., general partner of Seaview Island Associates, named as the Grantor in this Deed.
- 2. the officer who signed this Deed, is the Vice President of Calton Homes, Inc. (from now on called the "Corporate Officer").
- 3. The making, signing, sealing and delivery of this Deed have been duly authorized by a proper resolution of the Board of Directors of the Corporation.
- 4. The Witness knows the corporate seal of the Corporation. The seal was affixed to this Deed by the Corporate Officer. The Corporate Officer signed and delivered this Deed as and for the voluntary act and deed of the Corporation. All this was done in the presence of the Witness who signed this Deed as attesting witness. The Witness signs this proof to attest to the truth of these facts.
- 5. The Witness 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, 1(c), is \$

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

Officer's signature and title

EXHIBIT H

TITLE INSURANCE POLICY FOR TOWNHOUSE AT MONTGOMERY WOODS

SAMPLE

COMMONWEALTH LAND

Lot ____in Block.

TITLE INSURANCE COMPANY
A Reliance Group Holding Company RESIDENTIAL TITLE L
INSURANCE POLICY

INSUI	RANCE POLICY	
	SCHEDULE A	Policy No. File No.
Policy	y Date: Recording date of Deed	
Policy	y Amount: \$ Purchase price	
Prem	ium: To be determined	
	The Policy Amount will automatically increase by 10	% of the amount
show	n above on each of the first five anniversaries of the Pol	icy Date.
1.	Name of insured: TO BE DETERMINED	
2.	Your interest in the land covered by this Policy is: Fee	e simple by Deed
from	Montgomery Woods Associates, a New Jersey ger	neral partnership,
consi	sting of Calton Homes, Inc, a New Jersey corporation	, and Queen City
Servi	ce Corporation, a New-Jersey corporation, dated,reco	ordedin Deed
Book_	_ Page	
3.	The land referred to in this Policy is in the County of S	Somerset, Twp. of
Monte	gomery State of New Jersey and is described as follows:	ows:
more	particularly described in Deed Book Page,	
In cor	mpliance with Chapter 157, Laws of 1977, premises her	ein are known as

on the Township of Montgomery Tax Map.

COMMONWEALTH LAND

TITLE INSURANCE COMPANY
A Reliance Group Holdings Cornpany RESIDENTIAL TITLE L
INSURANCE POLICY

SCHEDULE B

Policy No.

File No.

EXCEPTIONS

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

- 1. Any facts about the land, which a correct survey would disclose, and which ate not shown by the public record.
- 2. Real estate taxes for 1984 are paid through the quarter.
- 3. Possible added taxes assessed or levied under R.S. 54:4-63.1.
- 4. Subject to Right of Way Agreement to Transcontinental Gas Pipe Line Corporation as contained in Deed Book 730 page 566 and as later modified and amended in Deed Book 929 page 116 and Deed Block 1171 page 405.
- 5. Subject to public and private rights in River Road (a/k/a road leading from Kingston to Rocky Hill).
- 6. Subject to rights of owners abutting thereon any streams, drains, ditches, brooks, creeks or water courses crossing or bounding the lands herein described.

EXHIBIT I

BUILDER'S REGISTRATION CARD FOR MONTGOMERY WOODS ASSOCIATES

MONTGOMERY WOODS ASSOCIATES 100 Craig Road

Freehold, New Jersey 07728

TO WHOM IT MAY CONCERN:

Below is a reproduction of our New Home Warranty and Builder Registration certificate. The original of this certificate may be inspected at our main office at the above address.