

Amended 5/12/93

PUBLIC OFFERING STATEMENT

**FILED AND PRESENTED BY
THE ENCLAVE AT EDISON, INC.**

**44 Stelton Road
Piscataway, New Jersey 08854**

for

**86 Condominium Units
To Be Developed in Phases**

located in the Township of Edison, New Jersey and

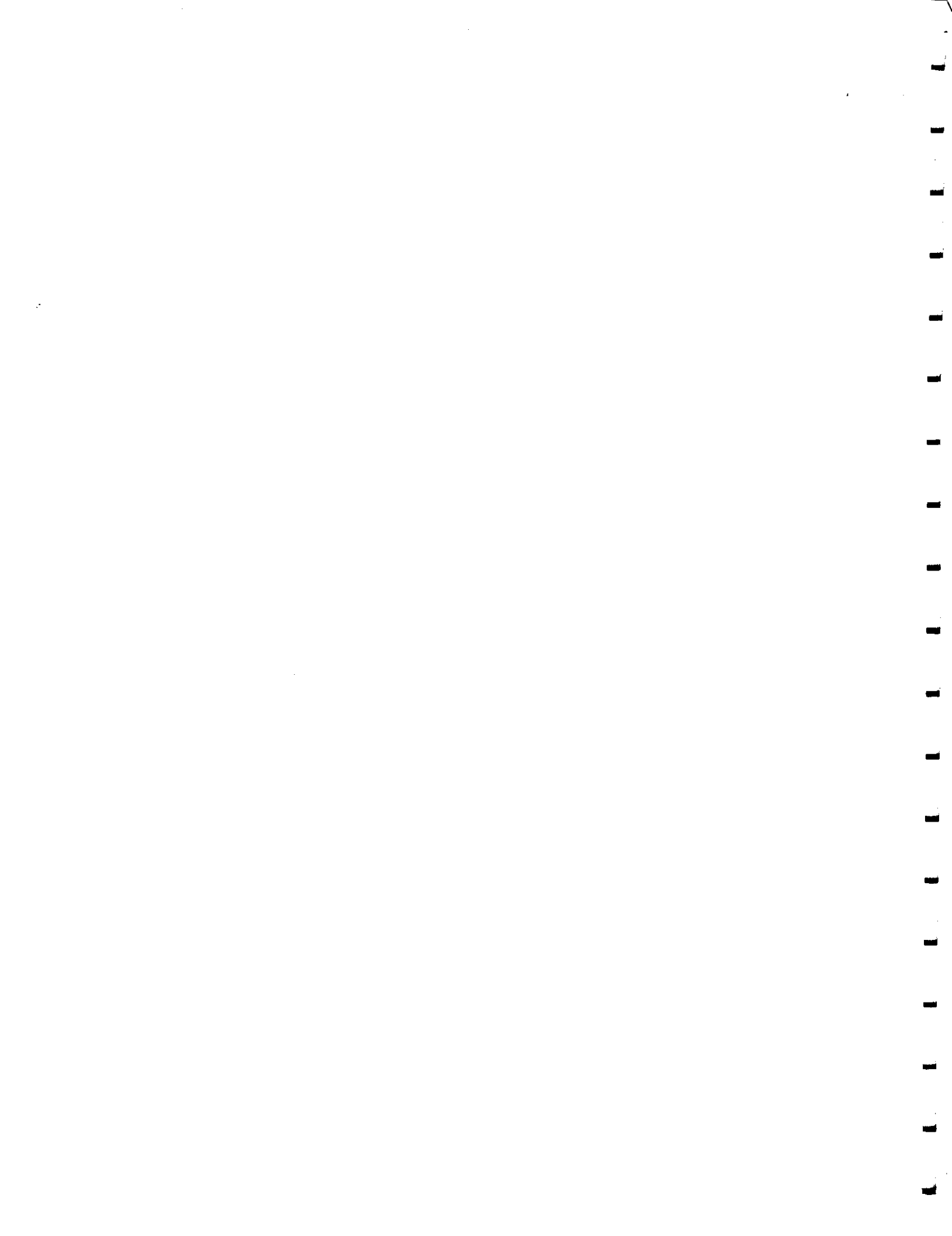
**Designated as
THE ENCLAVE AT EDISON, A CONDOMINIUM**

NOTICE TO PURCHASERS:

THIS PUBLIC OFFERING STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. PURCHASERS SHOULD ASCERTAIN FOR THEMSELVES THAT THE PROPERTY OFFERED MEETS THEIR PERSONAL REQUIREMENTS. THE NEW JERSEY DIVISION OF HOUSING AND DEVELOPMENT HAS NEITHER APPROVED NOR DISAPPROVED THE MERITS OF THIS OFFERING. BE SURE TO READ CAREFULLY ALL DOCUMENTS BEFORE YOU SIGN THEM.

THIS PUBLIC OFFERING STATEMENT HAS BEEN FILED AND IS PRESENTED PURSUANT TO THE PLANNED REAL ESTATE DEVELOPMENT FULL DISCLOSURE ACT (N.J.S.A. 45:22A-21 *et seq.*) AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER.

EFFECTIVE DATE OF THIS STATEMENT: June 20, 1988



PUBLIC OFFERING STATEMENT
FOR
THE ENCLAVE AT EDISON, A CONDOMINIUM
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EXHIBITS

A	Master Deed
B	Certificate of Incorporation of the Enclave at Edison Condominium Association.
C	By-laws
D	Proposed Operating Budget for First Full Year of Operation and Letter of Adequacy and Letter of Insurance Adequacy
E	Management Agreement
F	Unit Deed
G	Subscription and Purchase Agreement (Contract of Sale)
H	Specimen of Owner's Title Policy

NOTE: The Certificate of Incorporation and By-laws of The Enclave at Edison Condominium Association, Inc. are included only as separate exhibits and copies are not again repeated and included as Exhibits to the Master Deed.

FOREWARD

THE PURCHASER OF A CONDOMINIUM OR, FOR THAT MATTER, ANY REAL ESTATE INVOLVING A COMMON INTEREST, INVOLVES NOT ONLY THE ACQUISITION OF AN INTEREST IN REAL ESTATE BUT ALSO A COMMITMENT ON THE PART OF THE PURCHASER TO ACCEPT CERTAIN CONDITIONS AS OUTLINED IN THE MASTER DEED AND TO ABIDE BY THE BY-LAWS AND RULES AND REGULATIONS OF THE CONDOMINIUM ASSOCIATION. THESE INSTRUMENTS ARE INTERRELATED AND ARE JUST AS IMPORTANT AS THE PHYSICAL UNIT. THE CONTENTS OF THESE INSTRUCTIONS VARY WITH EACH COMMUNITY.

THE SUBSCRIPTION AND PURCHASE AGREEMENT REPRESENTS THE AGREEMENT BETWEEN PURCHASER AND SELLER AND IS THE MOST IMPORTANT DOCUMENT SINCE IT ALSO INCLUDES BY REFERENCE THE PROVISIONS INCLUDED IN THE MASTER DEED AND RELATED BY-LAWS.

IT IS URGENTLY STRESSED THAT EACH PROSPECTIVE PURCHASER THOROUGHLY UNDERSTAND THESE DOCUMENTS BEFORE HE UNDERTAKES THE PURCHASE OF A UNIT. IT IS RECOMMENDED AND EMPHASIZED THAT THE PURCHASER ENLIST THE SERVICES OF HIS OWN ATTORNEY TO SAFEGUARD HIS INTERESTS.

THE PURCHASER UNDER THIS PLAN HAS THE RIGHT TO CANCEL THE PURCHASE AGREEMENT, WITHOUT CAUSE, BY DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE SPONSOR BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE SUBSCRIPTION AND PURCHASE AGREEMENT IS EXECUTED AND ALL MONIES PAID BY THE PURCHASER WILL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

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1. PRINCIPAL ADDRESS OF DEVELOPER.

The Enclave at Edison, Inc., a New Jersey corporation, (hereinafter referred to as the "Developer" or "Sponsor"), with its principal office at 44 Stelton Road, Piscataway, New Jersey 08854, proposes to offer for sale condominium Units to be constructed in the Township of Edison, Middlesex County, New Jersey, pursuant to the provisions of this Public Offering Statement.

2. DESCRIPTION OF INTEREST TO BE OFFERED.

The development will be known as "The Enclave at Edison, A Condominium" and may ultimately consist of 86 condominium dwelling Units, together with certain other improvements. The project will be developed on a phased basis. Initially, Developer will submit Phase One, which includes 35 Units in six buildings, to the Condominium regime. Additional sections may be added by the Sponsor until the Condominium reaches a total size of 86 Units. Please refer to the map attached as an Exhibit to the Master Deed, which Master Deed is Exhibit A to this Public Offering Statement and which is incorporated herein by reference. The Condominium form of ownership will be established by the recordation of the Master Deed in the Middlesex County Clerk's Office at or before the first conveyance of a Unit to an individual purchaser.

The creation of the Condominium is governed by the Condominium Act, N.J.S.A. 46:8B-1 et seq. The Condominium will be managed and administered by The Enclave at Edison Condominium Association, Inc. (the "Association" or "Condominium Association"), a non-profit corporation of the State of New Jersey. The Sponsor has filed a Certificate of Incorporation for the Association, as required by law. A copy of the Certificate of Incorporation of the Association is annexed as Exhibit "F" to the Master Deed and as Exhibit "B" to this document. Each Unit Owner will automatically become a member of the Association by virtue of acceptance of a deed to his Unit. No membership Certificates will be issued.

The By-laws of the Association will be in the form set forth in Exhibit "E" of the Master Deed and as Exhibit "C" to this document. In general, the By-laws state the procedures to be followed in relation to the governance and operation of the Association, including the method of selection of the Board of Directors and officers of the Association and the procedures for conduct by the Association and Board.

All multiple dwellings, even if they are under a condominium form of ownership, are subject to the Hotel and Multiple Dwelling Law (N.J.S.A. 55:13A-1 et seq.). The Association is considered as the owner for the purposes of the Hotel and Multiple Dwelling Law and is held responsible for the abatement of all violations which it has the power to abate and

for the payment of registration and inspection fees. Unit Owners may be required to abate violations within their individual units.

The interest held by the owner of a Unit in the Condominium ("Unit Owner") consists of two distinct but inseparable fee simple interests in real property. One is the exclusive ownership of the Unit itself and the other is the individual ownership of the Common Elements in common with all of the other Unit Owners.

A Unit generally consists of the space bounded by the upper surface of the uppermost ceiling or the roof sheathing of the Unit, the lower surface of the lowest subfloor of the Unit and the innermost surface of the studding of perimeter walls, or, where no wall exists, the exterior surface of the windows or doors located as the perimeter of such Unit. A more specific description of a Unit is set forth in Section 5 of the Master Deed. Although a Unit Owner is subject to certain restrictions on the use of his Unit which are contained in the Master Deed and By-laws, he is entitled to the sole possession of his Unit and may generally decorate the interior of his Unit as he wishes. In addition, he is responsible for the maintenance of the interior of the Unit as well as its doors and windows and must pay the cost of any utilities that are individually metered and utilized in his Unit.

A Unit Owner also owns an undivided proportionate interest in the Common Elements, which include but are not limited to such things as the parking areas, the land on which the buildings are

erected, driveways, footings, the exterior and structural portions of the buildings together with any Units, equipment, furniture or other property which is owned or acquired by the Association.

Under Paragraph 6 of the Master Deed, the Common Elements are separated into two categories. General Common Elements can be broadly described as those which are for the use and benefit of all of the Units and Limited Common Elements are generally those which are for the use and benefit of certain Units to the exclusion of other Units. The Sponsor recommends that each prospective purchaser consult Paragraph 6 of the Master Deed for a more complete description of the Common Elements.

The undivided percentage interest of each Unit Owner in the Common Elements has been established by the Sponsor and is expressed as a percentage of the whole in Exhibit D to the Master Deed. As additional Units are added with each new phase, each Unit Owner's equal percentage share of the Limited Common Elements and General Common Elements will decrease as the number of Unit Owners sharing the Common Elements has increased. This change will occur in accordance with the terms of the Master Deed attached hereto as Exhibit A. Each Unit Owner in the Condominium will have the same undivided percentage interest in the Common Elements as every other Unit Owner. The percentage interest of the Unit Owner in the Common Elements is significant in that it is utilized to allocate among the Unit Owners the casualty insurance proceeds paid for any damage to the Common Elements, as well as

proceeds resulting from any condemnation or other disposition thereof. The percentage interest may also be used to apportion any common surplus of Association funds to individual Unit Owners. Moreover, the percentage interest figure will be used to determine the proportionate share of common expenses attributable to each Unit. In the event the number of Units ultimately built is fewer than 86, the ultimate share of each Unit Owner for all Common Expenses shall be equal to that fraction, the numerator of which is one and the denominator of which is the number of Units ultimately established within the property. The ownership of the Common Elements cannot be legally partitioned and thereby transformed from an undivided proportionate interest of the Common Elements into an exclusive interest in a portion thereof.

Each prospective Purchaser should also be aware that the Unit Owner's title to the Unit itself cannot be separated from his interest in the Common Elements. In addition, each prospective Purchaser should be aware that, as a Unit Owner, he will be bound by the terms of the Master Deed and By-laws and any Rules and Regulations promulgated or adopted by the Board. The Unit Owner's interest in the Condominium is defined and governed by these documents as well as the Condominium Act and settled common law principles of property ownership.

The interest held by a Unit Owner in the Condominium is similar to many other ownership interests in real property with respect to the rights and obligations which attach thereto. A Unit can be mortgaged provided that the mortgage loan is procured

from a bank, insurance company, savings and loan association, or other financial institutional lender, or from the Seller of the Unit. A default under a mortgage encumbering any particular Unit does not affect the other Units, except to the extent that all Unit Owners may be required to contribute to assessments which are intended to compensate for delinquent and unpaid common expenses. In addition, a Unit Owner is permitted to lease his Unit, although there are certain restrictions imposed under Section 12 of the Master Deed such as that which requires a lease by a Unit Owner other than the Sponsor to be for a minimum term of six (6) months and the Unit Owner must supply the Association with a copy of the lease. A Unit Owner is also responsible for the payment of the real estate taxes which are assessed against his Unit. The failure of any particular Unit Owner to pay real estate taxes that are due does not result in the imposition of any liability for those taxes on the remaining Unit Owners.

Each individual Unit Owner who resides in his Unit should, under current law, be entitled to deduct from his gross income for federal income tax purposes the real property taxes assessed against his Unit and paid to the Township of Edison and, in addition, the interest paid by him with respect to any mortgage indebtedness encumbering his Unit. The actual amount of any federal income tax deduction may increase or decrease as the amount of real estate taxes or mortgage interest actually paid by each Unit Owner changes. The exact amount of any such tax saving to each Unit Owner will depend upon his particular income tax bracket, and whether or not such Unit Owner elects to itemize his

deductions and, of course, the status of the law. Neither the Sponsor, the Association nor any of their agents or employees hereby make or are authorized to make any other representation whatsoever as to the availability of the right or ability of any purchaser to claim and deduct for federal or New Jersey state income tax purposes monies spent by a Unit Owner on account of the ownership of a Unit. Any statement to the contrary is void and Purchasers are directed to their legal and financial advisors for the purposes of ascertaining the availability of such deductions.

In addition, under the current provisions of the New Jersey Gross Income Tax Act, a taxpayer may be entitled to an annual "homestead exemption," computed in accordance with the provisions of the Act.

The Sponsor will perform all advertising, promotional and selling activities in connection with this offering. No broker or sales agent is authorized or has been retained by the Sponsor to conduct promotional or selling activities on its behalf.

3. DESCRIPTION OF THE PROPERTY.

The entire development may ultimately consist of 86 dwelling Units on approximately 28.23 acres, which will be sold as condominiums. Phase I will consist of 35 Units in 6 buildings. Phase II will contain 31 Units in 5 buildings. Phase III will have 20 Units in 5 buildings. While the Developer plans to add phases until there are 86 Units, Developer has no obligation to add any phases to the Condominium regime besides Phase I. As new

phases are added, the percentage of interest of each Unit Owner in the Common Elements will be adjusted by amendment of the Master Deed, as discussed in Section 2 above.

There will be three types of Units available, ranging in size from 2,453 square feet of living area to 2,831 square feet of living area. The "A" type Unit is a two-story Unit with a loft over top in the attic area. The total square footage of this Unit is 2,453. The Unit consists of an entry foyer, den, utility room, kitchen, dining room, living room, powder room, and a one-car garage located on the first floor level. The second floor rooms include a master bedroom, master bathroom/closet area, full bathroom, and a second bedroom. The third floor includes a loft area, which can be utilized as an exercise room, etc., and a storage closet, and an optional bathroom is available.

The "B" type Unit is a two-story Unit with a loft over top in the attic area. The total square footage of this Unit is 2,461. The Unit consists of an entry foyer, family room, utility room, kitchen, dining room, living room, powder room, and a one-car garage located on the first floor level. The second floor rooms include a master bedroom, master bathroom/closet area, a full bathroom, and a second bedroom. The third floor includes a loft area, which can be utilized as an exercise room, etc., and a storage closet, or an optional bathroom is available.

The "C" type Unit is a two-story Unit with a loft over top in the attic area. The total square footage of this Unit is

2,831. The Unit consists of an entry foyer, family room, utility room, kitchen/breakfast area, dining room, living room, powder room, and a two-car garage located on the first floor level. The second floor rooms include a master bedroom, master bathroom/closet area, full bathroom, and a second and third bedroom. The third floor includes a loft area as part of the Master Suite, which can be utilized as an exercise room, etc., and a storage closet, and an optional bathroom is available.

It is proposed that vehicular traffic to the community will be provided access to The Enclave at Edison from Talmadge Road East by means of a 30' wide private road. The access will be located approximately 1800' west of the Park Avenue intersection. Five interior roadways, 24' wide, will be constructed to provide access to the Units and interior parking for the community.

Completion date of the first phase of the Development is estimated to be April, 1989 and completion date of the final phase, if undertaken, is anticipated to be approximately December, 1991. Completion date of the recreation area is planned for the fall of 1988. These dates are merely estimates and the Developer does not represent that the development will be completed on these anticipated dates.

Prospective purchasers should consult the Exhibits to the Master Deed for the purposes of familiarizing themselves with the location of all improvements, as well as for the purposes of ascertaining the location of any particular Unit in which they may be interested. The Sponsor has specifically reserved the right to

utilize one or more Units for use as model(s) and/or as a sales center until the Sponsor has sold the last Unit in the ordinary course of business. By the terms of the Master Deed, Unit Owners other than the Sponsor will be limited to use of their Units for residential purposes only and no other purpose.

A copy of Sponsor's most recent financial statement shall be available for inspection at the Enclave Sales Office.

4. COMMUNITY INFORMATION.

The Enclave at Edison is located in the Township of Edison, Middlesex County, New Jersey, on Talmadge Road. The population of the Township is approximately 80,000 and it is located about 35 miles from New York City.

Access to the Garden State Parkway, New Jersey Turnpike, and Routes 287, 1, and 27 are all within a 4-mile radius of The Enclave at Edison.

Local bus service is provided by New Jersey Transport and Suburban Transport Companies. These companies also provide service to New York City.

Both Amtrak and New Jersey Transit Passenger Rail Service are available at Metro Park and the Metuchen train stations, which are both located on or near Route 27 in Edison and Metuchen, respectively, as well as at the Stelton Road Commuter Lot in Edison.

Air transportation is available at Newark International Airport, located at Exit 13A on the New Jersey Turnpike, approximately 20 miles northeast of the property. In addition, both LaGuardia and Kennedy International Airports are within 40 miles of the development. There are several smaller airfields in the area which serve private crafts and charters. These include Kupper Airport in Manville, Old Bridge Airport in Old Bridge, Marlboro Airport in Marlboro, and Princeton Airport in Princeton.

There are several hospitals in the area. Among them are John F. Kennedy Medical Center (Edison), Roosevelt Hospital (Edison), Robert Wood Johnson, Jr. Rehabilitation Institute (Edison), Muhlenberg Hospital (Plainfield), St. Peter's Medical Center (New Brunswick), and Middlesex General - University Hospital (New Brunswick).

Local shopping is available in Woodbridge Center and Menlo Park Mall, located along Route 1 in Woodbridge and Edison, respectively. Routes 22 and 27 offer a variety of major discount and department stores. Smaller shopping centers such as Inman Grove on Grove Avenue, Edison, The Oakwood Shopping Center and The Shoprite Center, both located on Oak Tree Road in Edison, are among the shopping areas convenient to the development.

The Meadowlands Sports Complex, approximately 25 miles north of the development, includes Giant Stadium, home of the

Giants and Jets professional football teams, as well as Brendan Byrne Arena, home of the New Jersey Nets professional basketball team and the New Jersey Devils, a franchise of the National Hockey League. The complex also includes a track for both thoroughbred and harness racing.

Several private and public golf courses are easily accessible to The Enclave at Edison. Among them are Shackamaxon Golf and Country Club (Scotch Plains), Metuchen Country Club (Metuchen), Plainfield Country Club (Edison), and Tamarack Golf Course in East Brunswick.

In addition to private health and racquetball clubs in the area, Roosevelt Park has outdoor facilities for tennis, baseball, fishing, and picnicking, as well as "Plays in the Park" (summer theater). It is conveniently located near Route 1 between Parsonage Road and Grandview Avenue in Edison. Edison Township also offers many recreational facilities, including baseball and soccer fields, basketball, handball, and tennis courts.

Also located nearby are The Garden State Arts Center, Gateway National Park, and Monmouth Park, Freehold Raceway, the Jersey Shore and Atlantic City.

The YMCA and YWCA have facilities in the Township of Edison, Borough of Metuchen and City of Plainfield, which include a swimming pool, gymnasium and health club. There is a Jewish

Community Center located on Oak Tree Road in the Township of Edison, just a few minutes away from The Enclave at Edison.

Places of worship in and near the Township of Edison include: St. Helena's R.C. Church, First Baptist Church of Metuchen, New Dover United Methodist Church, Oak Tree Presbyterian Church, St. Francis R.C. Church (Metuchen), Temple Neve Shalom (Metuchen), and Temple Emanuel.

Children residing at The Enclave at Edison would attend the Woodbrook School (Kindergarten through Grade 5) located on Robbin Road, the Woodrow Wilson School (Grades 6 through 8) located on Woodrow Wilson Drive, and J.P. Stevens High School (Grades 9 through 12) located on Grove Avenue. The elementary and middle schools are within walking distance. Students are bussed to the high school. Parochial schools are located within a three mile radius. Colleges and universities in the area include Middlesex County College, Woodbridge Avenue, Edison and Rutgers, The State University, which has campuses at New Brunswick and Piscataway.

The Edison Police Department, having a current force of 160 full-time officers, is located on Municipal Boulevard.

Edison has a paid Fire Department, supplemented by volunteer firemen and the closest fire house is on New Dover Road, which is south of Inman Avenue.

There are three First Aid Squads in the Township and each is responsible for a section of the community. Squad #2, located on Route 27, services the northern sector of the Township.

The library system consists of a main library, located in the southern portion of Edison, and two branch libraries, as well as a bookmobile. The closest branch library is located at Grove Avenue and Library Place, 2 blocks south of J.P. Stevens High School.

Water for the property is provided by Middlesex Water Company and sewerage service is provided by the municipality, both of which will bill the Owner directly. Garbage collection is by independent contractor and is included in the monthly maintenance fee paid by Homeowner's Association. Public Service Electric and Gas Company supplies electric; Elizabethtown Gas Company supplies the gas service. Telephone service is provided by New Jersey Bell Telephone Company. Cable service will be provided by TKR.

5. IMPROVEMENTS TO BE INSTALLED BY DEVELOPER.

An area approximately 6/10 acres will be developed to include a palladian style clubhouse, a 1500 sq. ft. masonry and tile swimming pool and a patio deck surrounding the swimming pool. Another area approximately 4/10 acres will be developed to include two regulation size, all-weather tennis courts complete with fencing. A "Health Trail" will be constructed in the nature

(NO TRAIL)
See Amendment

preserve area. This trail will include a 20 station exercise course complete with exercise structures, course introduction and finish signs, directional arrows and distancemarkers.

The Clubhouse will be approximately 2,500 sq. ft., approximately 30' X 50' in size. The building will be comprised of a meeting room 32' X 23'6", an exercise room 15' 6" X 15' 6", a men and women's lavatory area complete with showers and sauna (each area is approximately 15' 6" X 15' 6"), a fireplace lounge area with a cathedral ceiling 20' 0" X 15" 0" and includes a staircase to the second floor conference area. There is also a 29' 6" X 23' 6" basement area which is planned to accommodate the swimming pool equipment. All sizes specified are approximate.

Adjacent to the Clubhouse will be a formal garden area complete with benches and a gazebo.

An underground irrigation system for the purpose of providing water for the landscaping and lawn areas will also be provided.

All common areas, recreation facilities, accessways, and parking areas will be maintained by the Condominium Association. The recreational facilities will be available only for the exclusive use of Unit owners and their guests and will not be open to the public.

6. MAINTENANCE, OPERATION AND MANAGEMENT OF COMMON ELEMENTS AND FACILITIES.

The Enclave at Edison Condominium Association, Inc. (the Association) will be established as a New Jersey non-profit membership corporation (see Exhibit B) prior to the conveyance of the first Unit to a purchaser. The maintenance and management of the common areas will be conducted by the Association which ultimately will be composed solely of the owners of all Units in the development. A purchaser of a Unit is automatically a member of the Association upon such purchase.

The Association will collect a monthly assessment representing each individual Unit owner's proportionate share of the expense of administering and maintaining the parking areas, open spaces, etc., incurred by the Association.

All common areas will be operated and maintained in accordance with the terms of the By-laws of the Association attached hereto as Exhibit C. Control and voting rights within the Association will be in accordance with The Enclave at Edison Master Deed, attached hereto as Exhibit A, and related By-laws.

7. CONTROL OF ASSOCIATION.

In accordance with The Enclave at Edison Condominium Association, Inc., the affairs of the Association and in particular the management and maintenance of the Common Elements

will be managed by the Association's Board of Directors.

The Association will have a five member Board of Directors. In order to properly and efficiently develop the properties herein referred to, as more fully set forth in the By-Laws, the Developer reserves the right to control the Association by the election of all Directors (three in number) initially and during the period of development, subject to the following limitations:

1. Within 60 days after conveyance of 25% of the Units, 40% of the Board of Directors shall be elected by the Owners other than Developer at a special election for such purpose called by the Board.

2. Within 60 days after conveyance of 75% of the Units, Developer's control of the Board of Directors shall terminate at which time the Owners, other than Developer, shall elect the entire Board, at a special election for such purpose called by the Board, except that Developer reserves the right to elect one member of the Board of Directors for so long as there are any Units remaining unsold in the regular course of business.

Notwithstanding the foregoing, Developer must turn over control of the Association to the Unit Owners no later than 5 years following conveyance of the first Unit.

The officers of the Association shall be elected annually by the Board of Directors at a meeting called for that purpose or at the Board's organizational meeting following its election by the members. The officers of the Association shall be a president, vice president, secretary and treasurer and assistant secretaries and treasurers as the Board of Directors may deem to be necessary and appropriate.

A copy of the instrument creating The Enclave at Edison Condominium Association, Inc. is attached hereto as Exhibit B and a copy of its By-laws is attached hereto as Exhibit C.

8. PROPOSED OPERATING BUDGET AND LETTER OF ADEQUACY.
LETTER OF ADEQUACY OF HAZARD AND LIABILITY COVERAGE.

Pursuant to Article VI of its By-laws, the Association is obligated to prepare an annual budget which reflects the anticipated Common Expenses for the ensuing fiscal year. Common Expenses include, but are not limited to, the estimated costs for the operation, repair and maintenance of the Common Elements, the estimated costs for the operation of the Association, and amounts which are to be placed in separate accounts as reserves for deferred maintenance, replacements and capital improvements of the Common Elements.

A copy of the proposed operating budget of The Enclave at Edison Condominium Association, Inc. and Letters of Adequacy of

said budget are attached as Exhibit D. The budgets are for the first year of full occupancy based upon construction and conveyance to purchasers of 35 Units and 86 Units and reflect the proposed annual assessment and monthly charges to be assessed to each type of Unit. Also included as Exhibit D are Letters of Adequacy of the hazard and liability insurance coverage for The Enclave at Edison. There is no assurance that there will not be a change in prevailing economic conditions resulting in increased Common Expense Assessments in the future years of operation of the Association.

The funds necessary to meet the expenses contemplated by the budget will be acquired by the Association through the assessment of an annual Charge (the "Common Expense Assessment") which is to be paid by each Owner in monthly installments on the first day of each month beginning with the first month after closing of title. The Common Expense Assessment borne by each Owner is based on the Common Expenses contemplated under the annual budget and is allocated equally among the Units as provided in the Master Deed and By-laws.

If the costs incurred by the Association for any particular year exceed those which are estimated, the Board can impose a special assessment to cover the deficiency. In addition, the Board of Directors is empowered under the terms of Article X of the By-laws to levy a special assessment to defray the cost of any emergency or other repair, replacement or improvement of the

Common Elements. An expenditure for repair, replacement or improvement of the Common Elements is assessed against the Unit Owners who are benefited by the assessment in the same manner as the Common Expense Assessments.

The regular assessments and special assessments are personal obligations of each Unit Owner under the terms of the Master Deed. Payment of these charges is secured by a continuous lien which is placed on each Unit. If any assessment is not paid by a Unit Owner, the Board of Directors can accelerate the outstanding assessments, institute a lawsuit to foreclose upon the Unit and impose penalties and interest. The Association can also file a lawsuit against a delinquent Unit Owner to compel the payment of any unsatisfied regular or special assessments.

9, 10. DESCRIPTION OF MANAGEMENT CONTRACT AND RELATIONSHIP BETWEEN SPONSOR AND MANAGING AGENT.

Management of the common areas will be provided by Midstate Management, a New Jersey corporation, with offices at 201 Omni Drive, Sommerville, New Jersey. The management agreement will continue for one (1) year and be automatically renewed for an additional one (1) year period unless terminated sooner. The Association may terminate the Agreement with or without cause upon 60 days' written notice. A copy of the Management Contract is attached hereto as Exhibit E.

Neither the Developer nor any officer or principal of the Developer is affiliated or related in any way to the managing agent.

11. MASTER DEED.

Developer will, prior to the conveyance of title to the first Unit, record a Master Deed (Exhibit A). This document contains provisions governing the use, maintenance and enjoyment by all Unit Owners of all Common Elements, and defines the rights and duties of condominium Unit Owners. The Units are purchased subject to all of the terms and conditions as set forth in the Master Deed, which is part of this Public Offering Statement.

12. RESTRICTIONS.

The Condominium is subject to all covenants, restrictions and easements of record and to the following restrictions which are set forth by way of example and not by way of limitation:

(a) No Unit, except those Units owned by the Sponsor and used by it as sales offices, administrative offices or models, shall be used for any purpose other than as a private residence.

(b) There shall be no obstruction of the Common Elements nor shall anything be temporarily or permanently placed upon, stored in or affixed to the Common Elements without the prior written consent of the Board or unless expressly permitted by the

Rules and Regulations. However, this restriction shall not be deemed to preclude any resident of a Unit or his guests from utilizing any driveway in front of his Unit for the parking of automobiles or the area immediately to the rear of the Unit for picnicking, barbecuing, lounging, sunbathing in proper attire, or other similar recreational activities, subject to the Rules and Regulations and any other restrictions contained in the Master Deed. In addition, the use by a Unit Owner of any designated storage area, if any, which is part of the General Common Elements shall be prescribed by the Rules and Regulations.

(c) No clothes poles, clothes trees or lines shall be installed or maintained. No clothes, sheets, blankets or laundry of any kind or other articles or plants or other hanging items, objects or devices shall be allowed to hang on or out or be attached to the outside of windows or windowsills or exterior of any Building, including, but not limited to, railings or fences or in any parking areas.

(d) No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or on the Property. No visitor may bring any animal onto the property, including into a Unit. Notwithstanding the foregoing, one dog or cat is permitted, per Unit, provided that it is not kept, bred or maintained for any commercial purpose, is housed within the Unit and when not in the Unit, is kept on a leash, and is otherwise kept in accordance with all applicable Rules and Regulations, including cleaning up after

the animal. No outside dog pens, runs or yards shall be permitted.

(e) No trailer, tractor, truck (commercial or unregistered), mobile home, recreation vehicles, boat, boat trailer or the like shall be stored or housed or parked on the Property, except that this restriction shall not apply to trucks and equipment stored on the Property by the Sponsor, the Association and/or management agent for use in maintaining the Property on any portion thereof. No washing, cleaning or repairing of cars may be done anywhere on the Property.

(f) No portion of the Common Elements or other portion of the Property thereof shall be used or maintained for the dumping of rubbish or debris. Trash, garbage or other waste shall be kept in sanitary containers in the garage and brought out to the curb for weekly or more frequent collection.

(g) No exterior loudspeaker other than as contained in portable radios or television sets shall be permitted. No unshielded floodlights shall be installed in any exterior area of any Unit or any balcony, patio, or terrace appurtenant thereto, if any, without the permission of the Board, except Sponsor may install exterior floodlights for lighting Common Areas.

(h) No sign of any kind shall be displayed on any living unit except for signs utilized by the Sponsor for directional, identification, traffic, sales or marketing purposes, without the

prior approval of the Board in accordance with Section 12(r) of the Master Deed. In addition, for a period of three (3) years, or until the sale and Closing of all Units, whichever is later, no sign or signs will be placed or caused to be placed, upon any part of the property, advertising same for sale, rent or lease, for any other purpose whatsoever, without first obtaining written consent of the Sponsor.

(i) No awnings, grills, balcony enclosures, fence, canopies, shutters, or external or visible radio, television or any type of communication aerial or antenna or cable or satellite dish of any sort shall be installed or affixed on or about the exterior of any Building constructed or erected on the Property, or elsewhere on such Property. No storage of any materials or personalty shall be permitted on front porches, patios, Limited Common Elements and General Common Elements, on the Property, except that on the patios, Unit Owners may maintain chairs, tables and barbecues for recreational use on the patios. Such chairs, tables and barbecues shall mean outdoor casual furniture intended for summer use. Barbecues when used must be minimum of 5' away from the side of the Building and may be stored next to the Building when cooled. Notwithstanding anything to the contrary, owners who have fireplaces may store firewood only in one metal hoop designed for that purpose.

(j) A. In order to provide an orderly procedure in the case of title transfers, and to assist in the maintenance of a

current, up-to-date roster of Unit Owners, the Owner of a Unit shall give the Secretary of The Enclave Condominium Association, Inc. timely notice of his intent to list his Unit for sale, and, upon closing of title shall forthwith notify such Secretary of the names and home addresses of the purchasers.

B. Every Unit Owner including any who does not reside in his Unit must provide the Association with a current phone number and address at all times.

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

(l) No Unit Owner or occupant shall burn, chop or cut anything on, over or about the Common Elements.

(m) Unit Owners shall not have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Building or the parking area, without the prior consent of the Board in accordance with the Master Deed; this includes, but is not limited to, installation of doors and storm windows. Each Unit Owner is responsible to promptly report to the Board any defect or need for repairs, the responsibility for which is that of the Association. Each Unit Owner shall be responsible for the maintenance, repair and replacement of all windows of his

Unit and also the front door and any doors leading onto the balcony, terrace or patio adjacent to his Unit (including garage).

(n) To the extent that equipment, facilities and fixtures, within any Unit(s) shall be connected to similar equipment, facilities and fixtures affecting or serving other Unit(s) or the Commons Elements, then the use thereof by the individual Unit Owners shall be subject to the Master Deed, By-laws and the Rules and Regulations of the Association.

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

(p) No noxious or offensive articles shall be carried on, in or upon the Common Elements or in any such Unit nor shall anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other residents in the Condominium.

(q) No immoral, improper, offensive or unlawful use shall be made of any Unit, and all laws, zoning ordinances or

regulations of all governmental bodies having jurisdiction thereover shall be observed.

(r) Nothing shall be done to any Unit or on or in the Common Elements which will impair the structural integrity of any Building or which will structurally change any Building. Water beds of any type shall not be permitted. No Unit Owner (other than the Sponsor) may make any structural additions, alterations, or improvements in or to his Unit or in or to the Common Elements, without the prior written approval of the Board or impair any easement without the prior written consent of the Board. The Board shall have the obligation to answer any written request received by it from a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit or on Common Elements within forty-five (45) days after receipt of such request, and failure to do so within the stipulated time shall constitute a denial of the proposal. Any application to any municipal authority for a permit to make an addition, alteration or improvement in or to any Unit must be approved by the Board and, if approved, shall be executed by the Board and may then be submitted by the Unit Owner. Such approval, however, shall not incur any liability on the part of the Association to any to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The Unit Owner shall furnish the Association with a copy of any such permit which he has procured. The

provisions of this subparagraph shall not apply to Units owned by the Sponsor until such Units have been initially sold and conveyed by the Sponsor.

(s) Draperies, blinds, curtains or other window coverings acceptable to the Association must be installed by each Unit Owner on all windows of his Unit and must be maintained in said windows at all times. All floor areas in a Unit must be covered by padding, carpeting, and rugs, tiles or linoleum of a size and quantity reasonably acceptable to the Association. These provisions shall not apply to the Sponsor.

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

(u) As more particularly described in the Master Deed, no Unit shall be rented by the Owner thereof (except a lender in possession of such Unit following a default in a first mortgage, a foreclosure proceeding or by any deed or other arrangement in lieu of foreclosure) or otherwise utilized for transient or hotel purposes, which shall be defined as (A) rental for any period less than six (6) months; or (B) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverages, maid service, furnishing laundry and linen, and bellboy service, provided, however, that any Unit Owner

including Sponsor may rent a Unit for a period of less than six (6) months to a bona fide contract purchaser. No Unit Owner may lease less than an entire Unit. No Unit shall be leased for occupancy by more than two (2) persons per bedroom. Any lease must be in writing and made subject to all provisions of this Master Deed, the By-laws of the Association and other documents referred to herein. A copy of such lease must be presented to the Association.

(v) No Unit Owner shall have the right to mortgage or encumber his Unit, unless such mortgage or encumbrance is a Permitted First Mortgage. Further, any permitted mortgage which is not then a first lien shall expressly and automatically subordinate to the Common Expense lien of the Association. No other mortgages or encumbrances shall be permitted without the prior written approval of the Association.

(w) All property taxes, Special Assessments and other charges imposed by any taxing authority are to be separately assessed against and collected on each Unit as a single parcel, as provided in the New Jersey Condominium Act. In the event that for any year such taxes are not separately taxed to each Unit, but are taxes on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his proportionate undivided percentage interest in the Common Elements.

(x) Each Unit Owner shall pay for his own telephone, and

other utilities, if any, which are separately metered or billed to each user by the respective utility company. Utilities which are not separately metered or billed or which serve the Common Elements shall be treated as part of the Common Expenses.

(y) The right of the Unit Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal.

(z) An air temperature of at least 55°F must be maintained in each Unit.

(aa) Garages shall only be utilized for parking and storage of automobiles and other vehicles permitted under this Master Deed and storage of household furniture and items, provided, however, no storage of any item or use within a garage that precludes the complete closing of the garage door shall be allowed. No automobiles or items within a garage may protrude therefrom at any time. No garage shall be converted for occupancy to a residence or part of a residence.

(bb) Nothing herein shall be construed to prohibit the reasonable adaption of any unit for handicap use by a Unit Owner at Unit Owner's cost.

The Board shall have the power to make such Rules and Regulations as may be necessary to carry out the intent of these use restrictions and shall have the right to bring law suits to enforce the Rules and Regulations so promulgated. The Board shall

further have the right to levy fines for violations of these regulations, provided that the fine for a single violation may not, under any circumstances, exceed \$10.00. Each day that a violation continues after receipt of notice by the Unit Owner may be considered as a separate violation. Any fine so levied shall be considered as a Common Expense to be levied against the particular Unit Owner involved, and collection may be enforced by the Board in the same manner as the Board is entitled to enforce collection of Common Expenses.

13. DEED TO BE DELIVERED TO PURCHASERS AND CONTRACT WITH PURCHASERS.

The Bargain and Sale Deed with covenants against grantor's acts, evidencing purchaser's fee simple ownership of the Condominium Unit and his undivided proportionate share of the Common Elements, is attached as Exhibit F. A copy of the Subscription and Purchase Agreement is also attached as Exhibit G. In addition to the Subscription and Purchase Agreement, the Unit Owner will be required to sign the Home Owners Warranty Agreement and the Unit Deed. No membership certificate in the Association will be delivered.

14. ESCROW ACCOUNT.

All deposits paid under the Subscription and Purchase Agreement shall be held in a separate trust account in the name of

Weiner, Hendler & Derman, P.A., 303 George Street, New Brunswick, New Jersey, at First Fidelity Bank, Old New Brunswick Road, Piscataway, New Jersey, until closing or termination of the agreement in accordance with its terms, unless or until a bond or other guarantee acceptable to the Division of Housing and Development of the State Department of Community Affairs is provided. In the event a bond or other guarantee is acceptable as indicated, then and in that event, the Purchaser authorizes all deposit monies to be turned over to the Sponsor.

In no event shall the escrow be released before the expiration of the seven (7) day rescission period.

All interest accruing on deposits in the escrow account, if any, shall be the sole property of the Developer and will not be credited to the account of or paid to the purchaser under any circumstances.

15. (Reserved).

16. ENCUMBRANCES, EASEMENTS AND RESTRICTIONS.

The Units and Common Elements in The Enclave will be subject to various easements and restrictions intended for the protection and benefit of the owners and to permit the orderly development, maintenance and use of this planned residential development.

There are restrictions and covenants as to the use of the Units, common areas and facilities. These are fully set forth in the Master Deed and incorporated by reference herein. These restrictions are designed to permit each Unit Owner to enjoy his home without unreasonable interference or annoyance by his neighbor and to permit reasonable use of common elements and facilities by all. See Section .12, Restrictions, herein. In addition, there are municipal zoning restrictions and ordinances and amendments thereto or hereinafter adopted. A purchaser will receive his Unit and his appurtenant interest in the Common Elements subject to those exceptions set forth in the specimen Unit Owner's title insurance policy set forth at Exhibit H to this Public Offering Statement.

The Enclave is affected by various easements which are more fully set forth in the Master Deed and in any title report and search which will normally be obtained by a Purchaser prior to taking title. These easements allow generally for the extension of utilities to the development and for access by public officials and emergency vehicles, such as police and fire vehicles for the safety, health and welfare of the owners. Recorded easements are as follows: Deed Book 3341, Page 90; Deed Book 1241, page 436; Deed Book 3680, Page 978. Furthermore, the State of New Jersey has certain rights under a Stream Encroachment Permit dated March 31, 1987 and recorded April, 1987 in Wetlands Book 2 Page 700. In addition, Developer has reserved the right to go upon and over the lands of the development during the development period in order to

construct, complete and maintain the development.

In that ownership and occupancy of Units are governed and regulated by the provisions of the Master Deed and the By-laws, and Exhibits thereto, of The Enclave at Edison Condominium Association, Inc., such provisions must be considered as restrictions on each Unit and are incorporated herein by reference.

At present, the development is subject to the lien of a construction mortgage given by the present owner to European American Bank. However, upon closing of title to an individual Unit, the lien of such mortgage will be released out of the proceeds of sale as to that particular Unit, including its appurtenant undivided percentage interest in the Common Elements.

17, 18. NATURAL AND MAN MADE FORCES AFFECTING USE OF PROPERTY.

A portion of the property, approximately 15 acres in which there are no dwelling Units or roadways, is located in a federally designated flood hazard area and is to be retained in its natural state as a Nature Preserve. A health trail with 20 exercise stations will be included in this area, provided approval is received from governing authorities. All finished floors will be at least 1' above the 100 year flood elevation as required by the NJDEP. The property contains environmentally protected areas which will be left in their natural state, except for 0.96 acre which is to be filled to create the entrance.

Other areas consisting of approximately one acre will be developed for recreational purposes. These areas will include two all-weather tennis courts complete with fencing, a masonry and tile swimming pool, patio sun deck surrounding the swimming pool, and a clubhouse with separate saunas and showers for men and women, fireplace lounge, party kitchen, conference room and exercise room. Adjacent to the clubhouse will be a formal garden area complete with a gazebo.

The entrance to the community will be identified by a meandering stone wall and fence with sign denoting the name of the community. At the entry to the project on Tiffany Drive, a gate house will be constructed.

An underground irrigation system for the purpose of providing water for the landscaping and lawn areas will also be provided.

There are no natural or man made forces affecting use of the property to the best of the Developer's knowledge. There is a stream adjacent to The Enclave, and a certain amount of common land may be flooded during storms. The Central Lehigh Valley railroad borders the side along the western property line. However, the nearest dwelling is approximately 640' distant. The Developer has been informed by the Lehigh Valley Railroad that this is a spur that services industry in the area. At present the

track is not used very often. A high pressure gas transmission line runs through a 100' wide easement across the northwestern corner of the site. No construction is proposed in the easement.

The project is adjacent to the following items:

1. The Central Lehigh Valley railroad borders the site along the western property line. However, the nearest Unit will be approximately 640' distant.
2. A single-family residential development is located on the southern side of Talmadge Road East where it runs adjacent to the Property (southern property line).
3. A multi-family residential development is located along the eastern Property line of the site.
4. Paper streets and vacant lots are located along the northern property line of the site.
5. A high pressure gas transmission line runs through a 100' wide easement across the northwestern corner of the site. No construction is proposed in the easement.

The surrounding areas in Edison are zoned for residential and light industrial use.

19, 20. STATEMENT OF TAXES

The equalized ratios of assessed valuation to true valuation and the tax rates imposed by the Township of Edison for

1988 and the preceding 3 years are as follows:

<u>YEAR</u>	<u>TAX RATIO</u>	<u>TAX RATE PER HUNDRED DOLLARS OF ASSESSED VALUE WITHOUT MUNICIPAL DISPOSAL</u>	<u>TAX RATE PER HUNDRED DOLLARS OF ASSESSED VALUE WITH MUNICIPAL DISPOSAL</u>
1985	86.23%	2.34	2.46
1986	76.48%	2.48	2.62
1987	62.90%	2.58	2.72
1988	Not available until Mid 1988	Not available until Mid 1988	Not available until Mid 1988

Subsequent to the recordation of the Master Deed, each Unit is subject to being separately assessed for local real estate property taxes. The liability of each Unit Owner for the tax assessed against his Unit will be independent of the liability of the other Unit Owners. Each prospective purchaser is advised to make independent inquiry with the tax assessor of Edison Township to ascertain the probable real estate tax to be assessed against a particular Unit.

The Developer is unaware of any existing or proposed special taxes or assessments which might affect the development. If any special taxes or assessments are assessed prior to closing, the special tax or assessment will be the responsibility of the Developer. The Developer shall be responsible for rollback taxes, if any, as set forth in the Farmland Assessment Act of 1964.

21. CLOSING COSTS CHARGED BY DEVELOPER.

The closing costs to be paid by the Purchaser to the Developer are as follows:

(a) Purchaser will reimburse the Developer for the cost of the survey certificate, if purchased from Developer.

(b) Purchaser may, at its election, pay Developer a mortgage application fee, which will cover all fees and expenses relating to the closing of the mortgage loan, the charges of the title insurance company for searches and preparation of the title binder, the costs for mortgagee title insurance premiums, the costs of mortgage insurance as required by lenders, deed and mortgage recording charges, appraisal and inspection fees as may be required by the lending institution, as well as the institution's fee for review of documents. Purchaser shall pay all points in connection with the loan and shall pay all private mortgage insurance as required by the lender.

Purchaser is responsible for payment of Purchaser's own title insurance premium for a policy insuring his fee interest on the property as well as all costs associated with closing if he does not pay Developer a mortgage application fee. If Purchaser has his own attorney, whether or not he has paid Developer the mortgage applicant fee, he shall pay the fee and expense of such attorney.

In addition, Purchaser will pay at closing a non-refundable contribution to the Association in an amount of \$500.00 to be allocated to working capital. In addition, Purchaser will pay one month's common expense assessment in advance, plus the pro rata portion of the common expense assessment for the month of closing. As an example, if a Purchaser closes on May 27, 1989, at closing he will pay \$500.00, plus the pro rated portion of the month of May, plus the common expense assessment in advance for the month of June, and his first common expense assessment will be due July 1, 1989. A Purchaser will also be responsible for normal closing adjustments for real estate taxes and any advanced payments for utility services.

22. WARRANTIES.

In accordance with the New Jersey Home Warranty & Builders' Registration Act (N.J.S.A. 46:3B-1 et seq.), Developer shall provide Purchaser with insurance backed warranty coverage under the program sponsored by Home Owners Warranty Corporation ("HOW"). An exact enumeration of the protection afforded the Purchaser, as well as a description of the standards (Approved Standards) to which the Developer must conform in constructing the Unit are fully described in the specimen HOW Insurance/Warranty Documents (HOW 500), which are available from Developer.

Generally, the Developer warrants:

(1) that for one year the Unit will be free from defects due to non-compliance with the Approved Standards; and

(2) that for two years the Unit will be free from major structural defects and that the plumbing, electrical, heating, cooling and ventilating systems of the Unit, exclusive of fixtures, appliances or items of equipment, will be free from defects due to non-compliance with the Approved Standards.

The Developer warrants that if a defect occurs in an item which is covered by the warranty, the Developer, subject to warranty liability limits, will repair, replace or pay the reasonable cost of repairing or replacing the defective item. The Developer is not responsible for warranting items which have been subject to owner's neglect, modification or abnormal use. In the event the Developer does not perform under the warranty, HOW, as the administrator of the Developer warranty, will meet the Developer warranty obligation, subject to a one-time \$250.00 charge to the Purchaser.

In addition, major structural defects are insured by a national insurance company for an eight-year period beginning two (2) years after commencement of the Developer warranty. Subject to policy limits and the deductible provided in the insurance policy (coverage under the policy is subject to a 1% deductible per claim subject to approval by the New Jersey State Department of Community Affairs), if a major structural defect is covered by the policy, the Insurer will repair or replace that defect or will pay the reasonable actual cost of such repair or replacement.

In addition to the foregoing, the Developer warrants that all outbuildings, walkways, patios, retaining walls and fences located on the property to be conveyed shall be free from substantial defects due to material and workmanship for a period of one year from the date of closing or the date of possession, whichever occurs first; that all drainage is proper and adequate; that all off site improvements are free from defects for a period of one (1) year from the date of construction; and, that all lots, parcels, Units, or interests are fit for their intended use.

The Developer warrants that any lot, parcel, Unit, interest or common facility will substantially conform to the model, description or plans used to induce the Purchaser to enter into a contract or agreement to purchase unless noted otherwise in the contract.

Developer warrants that the construction of all improvements to the common property shall be free from substantial defects in workmanship or materials for a period of two years from the date of completion of each such improvement or portion thereof. In addition, the Developer warrants that said improvements are fit for their intended use. Developer shall be obligated to promptly repair or correct any substantial defect in construction, materials or workmanship in said improvements within a reasonable time after notification of the defect. This warranty agreement with the Association regarding Common Elements shall

constitute Developer's sole obligation to the Purchaser with respect to the common property.

While the Developer maintains control of the Board, he shall take no action which adversely affects a homeowner's rights under N.J.A.C. 5:25-5.5. Claims relative to defects in common elements shall be processed in accordance with N.J.A.C. 5:25-5.5.

23. (Reserved).

24. CANCELLATION.

THE PURCHASER UNDER THIS PLAN HAS THE RIGHT TO CANCEL THE PURCHASE AGREEMENT, WITHOUT CAUSE, BY DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE PURCHASE AGREEMENT IS EXECUTED AND ALL MONIES PAID BY THE PURCHASER WILL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

25. HAZARD INSURANCE.

The common elements of the Condominium will be insured on an all risk basis in an amount equal to replacement cost. Comprehensive general liability insurance with a combined single limit of \$1,000,000 will be included. This insurance will protect the Association and owners from acts of negligence in connection with the common areas. An umbrella liability policy in the amount

of \$5,000,000 will extend this general liability policy.

Non-owned automobile liability insurance (\$1,000,000) will be provided. This insurance covers losses resulting from the use of a non-owned or hired automobile by an employee in the course of his employment.

Directors' and officers' liability insurance (\$1,000,000) covers losses because of a negligent act, error or omission or breach of duty by a Director or officer while acting in his or her capacity as such.

Worker's compensation insurance will cover the Association for liability as imposed by State law for injuries to employees.

The Sponsor recommends that each Unit Owner procure and maintain through his own insurance agent adequate insurance against property damage to the contents of his Unit and insurance against liability for occurrences within his Unit. Each such policy must however, contain a waiver of subrogation of all claims against the Association or other Unit Owners.

Although certain Units in the Enclave at Edison are located planimetrically within flood zones as currently shown on the Flood Insurance Rate Map Community-Panel #340261-0003-C, dated June 19, 1985, prepared by Federal Energy Management Agency, at such time as the maps are revised to reflect the as built project site, no

Unit or roadway shall lie within any flood zone and therefore no flood insurance is necessary.

26. RIGHTS AND OBLIGATIONS OF SPONSOR.

The Sponsor has obligated itself to perform in accordance with the terms of this Public Offering Statement and the provisions of Agreements of Sale with individual purchasers. The Sponsor is not liable for other or further undertakings except as therein specifically set forth.

As previously discussed, the Sponsor has reserved the right to utilize one or more Units for use as models or a sales center until the Sponsor has sold the last Unit in the ordinary course of business. The Sponsor's use of any Units for these purposes will not unreasonably interfere with Owners' use and enjoyment of their Units or common facilities. The Sponsor reserves the right to rent any unsold Units at such a rental and under such terms and conditions as it shall deem appropriate.

While the Sponsor maintains a majority representation on the Association's Board of Directors, the Sponsor shall ensure that a fidelity bond or other guarantee acceptable to the Agency is posted. For the initial year of operation of the Association, a bond in the total amount of the annual budget has been posted. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

Except as provided above, no bond or other guarantee will be provided to secure the Sponsor's obligations under this Plan.

27. UNITS ACQUIRED BY THE ASSOCIATION.

All Units acquired by the Association or its designee shall be held by it or its designee, on behalf of all Members. No Units so acquired and held shall carry voting rights during the period of Association ownership.

28. FINANCING AND TERMS OF PURCHASE.

Each Unit subject to this offering will be sold at a price designated by the Sponsor upon the terms and conditions set forth in the Subscription and Purchase Agreement (Contract of Sale) appended hereto as Exhibit G. Sponsor reserves the right to change the prices at which any unsold Dwelling Units are offered for sale at any time. The Sponsor also reserves the right to change the terms under which such sale is made by appropriate amendment to this Public Offering Statement. Sponsor reserves the right to charge a higher price to any prospective purchaser who does not represent in writing that after Closing he shall occupy the Unit as his primary residence.

An individual desiring to purchase a Unit will be required to execute a Subscription and Purchase Agreement for the

applicable Unit and tender a check for an initial down payment in the amount equal to ten (10%) percent of the Purchase Price. The Subscription and Purchase Agreement provides that a purchaser shall have the right to cancel the Agreement by sending or delivering written notice of cancellation to the Sponsor by midnight of the seventh calendar day after the day on which the Agreement is executed. Such cancellation shall be without penalty and the initial down payment made by the purchaser shall be promptly refunded in its entirety without interest.

If the Subscription and Purchase Agreement is not cancelled by the purchaser, then upon expiration of the seven day rescission period, the purchaser will be required to tender an additional down payment in the amount of the difference between the initial down payment and up to twenty (20%) percent of the total purchase price of the Unit, plus the cost of all extras as the Seller may require. If the Purchaser defaults under the terms of the Subscription and Purchase Agreement, the Sponsor may cancel the Agreement and retain as liquidated damages all payments made thereunder up to ten (10%) percent of the total price of the Unit, plus the cost of all extras installed at the request of the purchaser. Any deposit, which is in excess of ten (10%) percent and the costs of extras installed (exclusive of interest, in the event the deposit is held in an interest bearing Escrow account), will be refunded to the purchaser without interest within a reasonable time after cancellation. If the Subscription and Purchase Agreement is cancelled by the Sponsor upon the default of

a purchaser, the Sponsor will have the right to sell the Unit to others, and the defaulting purchaser and the Sponsor will be relieved of all further liabilities and obligations in respect to the Agreement.

In the event the Sponsor defaults under and pursuant to the terms of the Subscription and Purchase Agreement, the purchaser will be entitled to a refund of all deposit monies paid without interest, together with the costs of title examination and survey actually incurred by the purchaser.

If the purchaser wishes to have the Seller act as his agent to arrange a conventional mortgage, he may so note on the Subscription and Purchase Agreement and make application for a mortgage loan upon the terms and conditions and within the time limits set forth in the Agreement. Failure of the purchaser to make a mortgage application in accordance with the Agreement or to promptly supply information requested by the lender will be deemed a default under the Agreement and a waiver of any rights of the purchaser to cancel the Agreement. The purchaser is directed to paragraph 3 of the Subscription and Purchase Agreement for a complete discussion of the conditions for mortgage application.

29. GENERAL INFORMATION.

This Public Offering Statement does not knowingly omit any material fact or contain any untrue statement of a material fact

and does not contain a full summary of all the provisions of the various documents referred to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents of such documents. No person has been authorized to make any representations which is not expressly contained herein. Any information, data or representation not contained in this Public Offering Statement, the Application for Registration as filed with the Division of Housing and Development of the New Jersey Department of Community Affairs, or the documents referred to in this Public Offering Statement may not be relied upon.

Except as herein discussed, there are no lawsuits or other proceedings now pending, or any judgments outstanding against the Sponsor or any person or persons which might become a lien against the Property or which materially affect this Plan except as herein expressly set forth.

The Sponsor reserves the right to amend this Public Offering Statement and related documents from time to time, and any such amendment which does not materially and adversely affect any Purchaser or his Unit and which is required by a lender having a mortgage on the Property, by any title company approved by Sponsor to insure title to the Property or by any governmental agency having jurisdiction over the Property, shall be binding upon every Purchaser who has theretofore executed an Agreement of Sale or accepted title to a Unit.

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MANAGEMENT AGREEMENT

THIS AGREEMENT, MADE AND ENTERED INTO THIS DAY OF , 1968 by and between: The Enclave at Edison Condominium Association, a New Jersey non-profit corporation, with offices in the Town of Edison, County of Middlesex, State of New Jersey (hereinafter referred to as the "ASSOCIATION"),

AND

MIDSTATE MANAGEMENT CORPORATION, a New Jersey corporation, with offices at 201 Omni Drive, Somerville, New Jersey 08876, (hereinafter referred to as the "Managing Agent").

WHEREAS, the Association is responsible for the administration, management and operation of that certain townhouse and/or condominium development known as The Enclave at Edison Condominium Association, (hereinafter referred to as the "Development"); and

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

WHEREAS, the Managing Agent possesses expertise in the administration, management and operation of townhouse and/or condominium developments.

NOW, THEREFORE, WITNESSETH, that in consideration of the premises and of the covenants hereinafter set forth and the sum of ONE DOLLAR (\$1.00) 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 acknowledged, the parties hereto covenant and agree as follows:

1. The Association herewith employs and appoints the Managing Agent as the exclusive agent for the administration, management, and operation 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 administration, management, and operation of the Development shall commence and shall continue for one (1) year and shall automatically renew for an additional one (1) year period, unless this Agreement is sooner terminated. Either party may terminate this Agreement without cause upon sixty (60) days prior written notice. This Agreement shall be deemed to be renewed unless either party on written notice to the other notifies of their intent to terminate the Agreement. Said Agreement shall be renewed at the same terms except that the per unit rate shall be adjusted annually.

3. The services to be rendered by the Managing Agent in connection with the administration, management, and operation of the Development and the Association are as follows:

(a) Subject to the approval of the Board of Trustees of the Association, cause to be selected, hired and supervised all persons necessary to be employed in order to properly maintain and operate the property, which employees in each instance shall be the employees of the Association.

independent contractor, and not the employees of the Managing Agent. All wages, salaries, and other compensation paid to Association employees, including all items payable in respect with the payroll, such as, but not limited to unemployment insurance and social security, workmen's compensation, disability, medical and surgical plans now in existence or hereafter imposed or included in union agreements which the Managing Agent may enter into, shall be at the expense of the Association and considered as operating expenses of the Development. The Managing 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 and notwithstanding, the Association will not be responsible for the payment of direct or indirect compensation to any employee, except in connection with services actually rendered on behalf of the Association and the Association shall have the right to audit the records of the Managing Agent with respect to any and all payroll or other expenses for which payment has been made by or requested of the Association.

(b) Cause to be purchased on behalf of the Association, all tools, equipment, supplies and materials as may be necessary and desirable for the maintenance and upkeep of the Association property. Such purchases shall be made by the Association or following the recommendation of the Board.

(c) Cause to be entered into contracts on behalf of the Association for lawn maintenance, snow removal, rubbish removal, painting, electricity, gas and other services or such of them that may be reasonably required. Such contracts shall be made in the name of the Association.

(d) Check all bills received by the Association for services, work and supplies ordered in connection with and for maintaining the property and pay all bills as and when same shall become due and payable.

(e) Collect on behalf of the Association all common expenses, charges, assessments, 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 prior approval of the Board of Trustees of the Association and at the expense of the Association, employ counsel designated by the Association for such purposes.

(f) Deposit all funds collected for the Association in a special account in the name of the Association.

(g) Consider, and when reasonable, tend to the complaints of unit owners. If the Managing Agent shall deem any such complaint unreasonable, it shall advise the unit owner and the Association of the complaint and the reason for the opinion that the complaint is unreasonable.

(h) 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.

(i) Cooperate with the Association's accountants with regard to the preparation and filing on behalf of the Association of any governmental forms or returns.

(j) Cause to be prepared and send out all letters, reports and notices as may be reasonably requested by the Board of Trustees of the Association, including any newsletters or other publications which the Board directs.

(k) Cause all insurance required by law or otherwise to be carried and maintained in full force and effect. Make appropriate adjustments with said insurance companies and cause all said insurance proceeds to be paid promptly.

(l) Cause to be maintained the Association's membership list, prepare and give notice of the meetings to the Members and Directors of the Association, provided, however, that nothing herein shall require the Managing Agent to perform legal or accounting services.

(m) If the Association requests the Managing Agent to attend Board Meetings or Committee Meetings, then the Managing Agent will receive payment at the rate of \$85.00 per hour portal-to-portal.

(n) Maintain records with respect to services and materials and expenses provided on behalf of the Association, which records will be sufficient to describe the services rendered and shall be kept in accordance with prevailing accounting procedures and shall identify the source and expenditure of all funds. Such record keeping excluding the cost of materials and supplies shall be kept at the Managing Agent's expense and shall be freely available for inspection by the Association's Officers and Trustees on a reasonable basis.

(o) Render to the Association a quarterly statement of all collections and disbursements made on or before the 20th day of the next succeeding month. Such statement shall be prepared at the Managing Agent's expense.

(p) Assist the Board of Trustees in the preparation of an annual operating budget and reserve analysis.

(q) Generally, do all things deemed reasonable, necessary or desirable by the Board of Trustees of the Association to oversee the proper management of the Association's property.

4. All the purchases and expenditures made by the Managing Agent shall be expenses of the Association made out on behalf of and to the credit of the Association and the Management 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 Trustees of the Association, or (ii) are included in the 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 eminent and substantial loss of, or danger to, the townhouse and/or condominium property 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 the Agreement, including the retention of legal counsel, accountants and other professional services as may be necessary subject to prior approval thereof by the Board of Trustees of the Association, and also including the payment of the Managing Agent's compensation as herein provided, and deduct the same from the collections made for the Association. In the event that any time there be insufficient funds in the custody of the Managing Agent from the current collections to pay such expenses, the Association agrees to supply the Managing Agent immediately with funds required to make such payments. The Association agrees to reimburse the Managing Agent upon demand for any disbursements which the Managing Agent may elect to advance for the account of the Association and for any monies which the 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 the Managing Agent to make such advances.

6. The Association agrees to pay the Managing Agent for all services to be performed in connection with the administration, management, and operation of the Development at the rate of \$10.00 per unit per month payable by the fifteenth day of the following month with a minimum monthly fee of \$750.00.

7. The Managing Agent is and shall have general authority and the powers necessary to carry out the intent of this Agreement and to act therefore on behalf of the Association. In no event, shall the level of maintenance or general supervision provided by the Managing Agent be less than contemplated by the proposed budget set forth in the initial offering plan prepared by the Sponsor of the Development.

8. The Association agrees to carry such insurance as is required by the Master Deed and By-Laws and by the laws of the State of New Jersey and in each such policy of insurance, the Association agrees to designate the Managing Agent as a party insured with the Association.

9. (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 wilful 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 townhouse and/or condominium property from any cause except the gross negligence or wilful 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 in each of the foregoing instances, the Managing Agent promptly advised the Association of its receipt of information concerning any such injury and the amount of any such liability, damages, penalties, costs and expenses.

(b) The Association shall carry public liability insurance (with limits acceptable to the Managing Agent in its reasonable judgment), contractual liability insurance, specifically covering the indemnity provisions contained in subparagraph (a) hereof, workmen's compensation, employer's liability insurance and will include the Managing Agent as a party insured in the liability policy, and will deliver a copy of such liability policy to the Managing Agent or a certificate evidencing same.

10. In the event a petition in bankruptcy is filed by or against either 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.

11. 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 Mail, Return Receipt Requested, and it shall be deemed given 72 hours after it shall have been deposited in the United States Mails, addressed to the party for whom it is intended as follows:

The Enclave at Edison Condominium Association
c/o Midstate Management Corporation
201 Omni Drive
Somerville, New Jersey 08876

Midstate Management Corporation
201 Omni Drive
Somerville, New Jersey 08876

12. The term "Managing Agent" as used in this Agreement shall include all corporate subsidiaries or affiliates of the Managing Agent who perform services in, or about the Development or the premises on which the Development is located arising out of or in connection with this Agreement.

13. This Agreement may not be transferred or assigned by either party without the prior written approval of the other.

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

The Enclave at Edison
Condominium Association

By: _____
Robert Karnell, President

MIDSTATE MANAGEMENT CORP.

By: Michael Nudell
Michael Nudell, President

