

**DECLARATION OF COVENANTS AND RESTRICTIONS
HOLIDAY CITY SOUTH HOMEOWNERS CORPORATION**

*RECORDED IN OCEAN COUNTY CLERK'S OFFICE ON 3/14/84 IN
BOOK #4188, PAGE #807*

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DECLARATION OF COVENANTS AND RESTRICTIONS OF
HOLIDAY CITY SOUTH

THIS DECLARATION made this 13th day of March, 1984 by Hovsons, Inc., a corporation of the State of New Jersey having its principal office at 1433 Hooper Avenue, in the Township of Dover, in the County of Ocean, and State of New Jersey, hereinafter, and within the text of this instrument, referred to as the DEVELOPER.

WHEREAS, the DEVELOPER is the owner of certain lands and premises situated, lying and being in the Township of Berkeley, in the County of Ocean and State of New Jersey, more particularly described in Article II of the within Declaration, who desires to create a planned residential retirement community consistent with the appropriate ordinances of the Township of Berkeley, a Municipal Corporation of the State of New Jersey, which shall provide for open spaces, dwelling units and other facilities for the benefit of said community; and

WHEREAS, it is the intention of the DEVELOPER to create a plan and scheme to meet the needs of residents of an adult community; and

WHEREAS, each sale is and will be induced by a concept of a development for adults; and

WHEREAS, the DEVELOPER desires to provide for and assure the preservation of the values in said community and for the maintenance of said open spaces, and other common facilities; and to that end desires to subject the real property described in Article II, together with any property subsequently added, to the covenants and restrictions hereinafter set forth, each of which is and are for the benefit of said properties the DEVELOPER, and the grantees of the DEVELOPER, their heirs and assigns; and

WHEREAS, the DEVELOPER has deemed it desirable for the preservation of the values of the lands and the improvements to be constructed in said community to create a nonprofit corporation to maintain and administer the COMMON PROPERTIES and facilities in the community, and enforce the covenants and restrictions and collect all assessments and disburse the same in connection with its By-Laws; and

WHEREAS, the DEVELOPER has caused to be incorporated under the laws of the State of New Jersey a nonprofit corporation known as

HOLIDAY CITY SOUTH HOMEOWNERS CORPORATION to fulfill the purposes set forth herein.

NOW, THEREFORE, the DEVELOPER, under and by virtue of this instrument, subjects the real property hereinafter described in Article II, together with such additional property as may be added to the covenants and restrictions hereinafter set forth.

ARTICLE I

DEFINITIONS

SECTION 1

The following words when used in this DECLARATION shall have meaning as follows:

(a) "DEVELOPER" shall mean and refer to Hovsons, Inc., a Corporation of the State of New Jersey, its successors or assigns.

(b) "CORPORATION" shall mean and refer to HOLIDAY CITY SOUTH HOMEOWNERS CORPORATION, a nonprofit corporation.

(c) "THE PROPERTIES" shall mean and refer to all the lands, as described in Article II hereof, and any additions thereto, which are subject to this DECLARATION or any SUPPLEMENTARY DECLARATION under the provision of the Article II, Section 2.

(d) "COMMON PROPERTIES" shall mean and refer to those areas of land devoted to the common use and enjoyment of the OWNERS and designated as "Green Area" on any filed subdivision map of THE PROPERTIES, together with any and all facilities thereon.

(e) "LOT" shall mean and refer to any plot of land shown on any filed subdivision map of THE PROPERTIES with the exception of COMMON PROPERTIES as herein defined.

(f) "LIVING UNIT" shall mean and refer to all or any portion of a building situated upon THE PROPERTIES designated and intended for use and occupancy as a residence.

(g) "MULTI-FAMILY STRUCTURE" shall mean and refer to any building containing two or more LIVING UNITS.

(h) "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, (excepting the DEVELOPER) of the fee

simple title to any LOT or LIVING UNIT, but notwithstanding any applicable theory of mortgage or liens, shall not refer to a mortgage or lien holder of any LIVING UNIT, within either a single family or MULTI-FAMILY structure upon any LOT or LOTS.

(i) "BOARD" shall mean and refer to the Board of Trustees of the CORPORATION.

(j) "RESIDENT" shall mean and refer to any person or persons who is an authorized permanent occupancy of any LOT or LIVING UNIT without regard to ownership.

(k) "MEMBER" - See Article XVI in its entirety.

ARTICLE II

SECTION 1

DESCRIPTION OF PROPERTY

The property which is and shall be transferred, sold, and conveyed and occupied subject to this Declaration is located in the Township of Berkeley, County of Ocean, State of New Jersey and is more particularly described as follows:

All that certain lot, tract, or parcel of land situate, lying, and being in the Township of Berkeley, County of Ocean, State of New Jersey and more particularly bounded and described as follows:

See Exhibit A attached hereto and deemed incorporated herein.

SECTION 2

ADDITIONS AND DELETIONS TO EXISTING PROPERTY

Additional lands may be made subject to this DECLARATION in the following manner:

a) The DEVELOPER shall have the right to bring within the scheme of this DECLARATION additional property at any stage of development, provided that such additions are in accordance with a general plan of development and approved under the terms of the Ordinances of the Township of Berkeley, together with any amendments thereto. Such additions may or may not be contiguous to each other or to the lands described in Section 1 above.

b) Any person or persons who purchase any LOT within property that may have been added to THE PROPERTIES shall have the same voting rights in the CORPORATION, the same right of enjoyment of all the COMMON PROPERTIES and facilities, as well as the same duties, responsibilities and obligation as every OWNER in THE PROPERTIES in Section 1 above.

c) The additions authorized under this and succeeding subsections shall be made by filing of record of a SUPPLEMENTARY DECLARATION OF COVENANTS AND RESTRICTIONS with respect to the additional properties which shall extend the scheme of the covenants and restrictions of this DECLARATION to such property. Such SUPPLEMENTARY DECLARATION may contain additions to, or modifications of, these covenants and restrictions so long as the changes are not inconsistent with the scheme of this DECLARATION. In no event, however, shall any SUPPLEMENTARY DECLARATION revoke the existing DECLARATION OF COVENANTS AND RESTRICTIONS.

d) DEVELOPER shall have the right to remove property from within the scheme of this DECLARATION, any of the properties hereunder or as may be added to this DECLARATION pursuant to the provisions of Subsection (a) above, by the giving of notices to all of the LOT owners of its intention to do so. The removal of such property shall be by the filing of a SUPPLEMENTARY DECLARATION of Covenants and Restrictions which shall recite the removal of the same. No further action on the part of the DEVELOPER and no consent of any LOT OWNER within the PROPERTIES shall be required.

e) OWNER control, pursuant to the provisions of Article XVII herein, shall not be affected by an increase in the number of units of the original offering and DEVELOPER CONTROL of the CORPORATION shall be relinquished in the manner set forth pursuant to the provisions of Article XVII herein.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1

CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

a) The OWNERS of all LOTS, in THE PROPERTIES, together with any additions thereto, hereby covenant and agree to pay to the CORPORATION, in accordance with these DECLARATIONS OF COVENANTS AND RESTRICTIONS: (1) An annual assessment in an amount to be fixed by the BOARD, payable on a date or dates as determined by the BOARD.

The foregoing annual assessment shall include any and all charges assessed by the BOARD, pursuant to the provisions of Article VI herein. (2) Special assessment in an amount to be fixed by the BOARD. The annual and special assessments, together with interest thereon and costs of collection thereof, as may be assessed shall be a lien on the LOT against which each assessment is made. Each such assessment, together with interest thereon and costs of collection, shall be a personal obligation of the OWNER at the time such assessments become due and payable. Notwithstanding anything to the contrary contained herein, the DEVELOPER shall be exempt from the payment of any assessments. While the DEVELOPER does not contemplate such an occurrence, the DEVELOPER shall be exempt from the payment of any assessments. While the DEVELOPER does not contemplate such an occurrence, the DEVELOPER will be responsible to reimburse the CORPORATION for the cost of any material or service which is provided by the CORPORATION and at the CORPORATION'S expense which directly benefits the DEVELOPER'S use of any LOT or LOTS owned by the DEVELOPER and which is authorized in advance by the DEVELOPER. Snow removal from driveway and mowing of grass are examples of such items. Also, while not contemplated, the DEVELOPER will also be responsible to reimburse the CORPORATION for the cost of any person or persons not a MEMBER or MEMBERS participation in any activity provided by the CORPORATION and at the CORPORATION'S expense which is authorized in advance by the DEVELOPER. DEVELOPER'S promotional activities such as reference by picture or literature to CORPORATION'S facilities and activities; the visiting of CORPORATION facilities or observation of CORPORATION activities by persons who are not MEMBERS and such passive activities shall not fall within the scope of costs entitled to reimbursement by DEVELOPER.

SECTION 2

PURPOSE OF ASSESSMENT

The assessments levied by the CORPORATION shall be used generally for the purpose of promoting the recreation, health, safety, and welfare of the OWNERS for the acquisition, improvement, and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the COMMON PROPERTIES and facilities and of the LOTS situated upon THE PROPERTIES, including but not limited to, the payment of taxes and insurance thereon, repairs, replacements and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof. Such funds may further be used as provided in

Article VI hereof, for any individual LOT or LIVING UNIT where it is deemed necessary in the opinion of the BOARD.

SECTION 3

ANNUAL ASSESSMENTS DUE TO DATE

The annual assessment shall be payable in advance to the CORPORATION with a frequency and on a day to be fixed by the BOARD.

SECTION 4

SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS

a) In addition to the annual assessments authorized by Section 1 hereof, the BOARD may levy a special assessment, for the construction, repairs or replacements of a described capital improvement upon the COMMON PROPERTIES, including the necessary fixtures and personal property related thereto. Written notice of such Special Assessments shall be given to all OWNERS.

b) While the DEVELOPER maintains a majority of the BOARD, it shall make no addition, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

c) Nothing contained herein to the contrary shall serve to relieve members of the BOARD appointed by the Sponsor from their fiduciary responsibilities.

SECTION 5

CHANGE IN ANNUAL ASSESSMENT RATE

In the event it is determined by the BOARD that the existing assessment rate does not meet the costs, said BOARD shall set a new rate. Written notice of the new rate shall be given to all OWNERS.

SECTION 6

EFFECT OF NONPAYMENT OF ASSESSMENT

In the event one or more of the payments of the annual assessments are not paid within thirty days of the due date, or a special assessment duly authorized, is not paid within thirty days of the due date, then the assessment shall become delinquent and shall

together with such interest thereon as may be determined by the BOARD and costs of collection thereon, be a continuing lien upon the LOT and LIVING UNIT and shall be binding upon the LOT and LIVING UNIT and shall be a personal obligation of the OWNER, his successors, heirs, or assigns. The CORPORATION may bring an action at law against the OWNER personally, for his failure to pay, or to foreclose against the LOT and LIVING UNIT in the sole discretion of the BOARD.

SECTION 7

SUBORDINATION TO THE LIEN OF FIRST MORTGAGES

The lien of the assessment provided herein, shall be subordinate to the lien of any first mortgage and taxes placed upon the LOT prior to the assessment.

SECTION 8

EXEMPT PROPERTY

The following property subject to this Declaration shall be exempt from the assessments, and liens created herein:

- (a) All properties to the extent of any easements or other interest therein dedicated and accepted by any public authority or devoted to public use.
- (b) ALL COMMON PROPERTIES as hereinbefore defined.
- (c) All undeveloped properties owned by the DEVELOPER.
- (d) All easements, rights of way, licenses or any other rights reserved by the DEVELOPER given to any other entity for use of utilities, services, or drainage.

ARTICLE IV

OWNER'S RIGHTS IN THE COMMON PROPERTIES AND FACILITIES

SECTION 1

OWNERS, EASEMENTS OF ENJOYMENT

Subject to the provisions of ARTICLE III, regarding assessments, and further subject to the By-Laws of the HOLIDAY CITY SOUTH HOMEOWNERS CORPORATION, every resident shall have an absolute right

and easement of enjoyment in and to the COMMON PROPERTIES and facilities and such easements shall be appurtenant to and shall pass with title to every LOT.

SECTION 2

TITLE TO COMMON PROPERTIES AND FACILITIES

The DEVELOPER reserves the right to convey the COMMON PROPERTIES to the CORPORATION, at any time after the formation of said CORPORATION. Notwithstanding any provision contained herein to the contrary, the DEVELOPER covenants and agrees that prior to the conveyance of the last LOT within THE PROPERTIES, and any additions thereto, or in any event, no later than December 31, 1996, that the DEVELOPER will have conveyed all of the COMMON PROPERTIES and facilities to the CORPORATION. It is further provided, that said CORPORATION shall have no discretion with regard to the acceptance of the rejection of any of the COMMON PROPERTIES to be conveyed herein for any reason. The deed of conveyance shall except therefrom and reserve to the DEVELOPER, its heirs and assigns, all oil, gas, and other minerals underlying the land thereby conveyed together with the rights of the DEVELOPER, its heirs and assigns, to enter in, upon and under such land to mine, excavate and remove such oil, gas and other minerals.

SECTION 3

EXTENT OF OWNER'S EASEMENT

The rights and easements of enjoyment created hereby shall be subject to the following:

- a) The right of the DEVELOPER and the CORPORATION through its BOARD in accordance with the By-Laws of said CORPORATION to borrow money for any purpose set forth in the By-Laws; and
- b) The right of the BOARD to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and
- c) The right of the BOARD as provided in the By-Laws of the CORPORATION to suspend the rights of any RESIDENT to enjoy the COMMON PROPERTIES and facilities for any period during which any assessment remains unpaid, or for infraction of the By-Laws or any rules or regulations duly adopted by the BOARD; and

d) The right of the BOARD to charge reasonable admission and other fees for the use of the COMMON PROPERTIES and facilities. At no time shall the DEVELOPER receive any income or profit from such admission and fees.

e) The right of the BOARD to admit to the use and enjoyment of COMMON PROPERTIES and facilities and to charge reasonable admissions and other fees therefor, to such persons who lawfully occupy but do not own a LOT or LIVING UNIT in fee.

ARTICLE V

EASEMENTS OF DEVELOPER AND CORPORATION

The DEVELOPER and the CORPORATION shall have a perpetual easement under, over, and across each LOT or LIVING UNIT for the purpose of installation, maintenance and repair of all utility, drainage and other service facilities, including but not limited to electric lines, underground sprinkling systems, sewerage disposal lines, television, telephone and other communication services, and gas or fuel oil services. The OWNER of each and every LOT, covenants and agrees by their acceptance of their deed, not to plant any shrubs, trees, or make any other improvements to the easement shown on any filed sub-division map and designated "General Easement Reserved to Hovsons, Inc., and/or its Successors or Assigns". Except in emergency situations, the Corporation and the Sponsor shall notify the Owner twenty-four hours in advance of coming onto the premises and the work shall only be done at reasonable hours.

ARTICLE VI

EXTERIOR MAINTENANCE

SECTION 1

MAINTENANCE

Each OWNER shall be solely responsible for the exterior maintenance of the LOT and LIVING UNIT owned by him, and shall be solely responsible for the expenses and costs therefor, including but not limited to the following: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, (natural trees and growth existing on the lot on the date of title conveyance, trees and growth added to lot by the DEVELOPER or OWNER before or after conveyance of title and not under bond with the Township) and other exterior improvements.

Each OWNER also agrees to maintain slope areas on said LOT in such manner as to prevent soil erosion and to maintain slopes banks, swales and drainageways located on said LOTS for the preservation of designated drainage patterns over his LOT, surrounding LOTS and COMMON PROPERTIES. Each OWNER further agrees that he will not in any way interfere with any established drainage patterns. Nothing contained herein, shall be deemed to relieve the OWNER of the interior maintenance of his LIVING UNIT.

In the event that it is determined by the BOARD that an OWNER has failed to perform exterior maintenance, or in other ways has not complied with the provisions of this section, then the BOARD shall give such OWNER written notice to correct the condition within a specified time. In the event that said OWNER does not correct the condition, the BOARD shall be authorized to have the condition corrected and charge the OWNER as provided for in Section 2 hereinafter.

SECTION 2

ASSESSMENT OF COST

The cost of such exterior maintenance and/or restoration under Section 1 above, shall be added to the annual assessment to which the LOT is subject, and as part of such annual assessment it shall be a lien on the LOT and personal obligation of the OWNER, and shall become due and payable together with the annual assessment.

SECTION 3

ASSESSMENT LIABILITY

Any party who acquires the title of any LOT, shall be jointly and severally liable with the prior OWNER for any and all assessments which were outstanding at the time of the passing of title, and by virtue of the acceptance of the aforesaid title recognizes and accepts such assessments as a lien against the title of the LOT. Enforcement of the aforesaid lien shall be as provided herein.

SECTION 4

CORPORATION'S SUCCESSOR

In the event the CORPORATION shall cease to function through lack of participation of the OWNERS or is dissolved, the Township of

Berkeley shall have the right by special assessment to assess the OWNERS in THE PROPERTIES annually, a sum of money which would be sufficient to pay the taxes on said park, recreational or other areas and for the proper upkeep, maintenance and preservation of same.

ARTICLE VII

FORFEITURE OF EASEMENT RIGHTS

In the event an OWNER is in default of payment of any assessment, all his or her rights and privileges including voting rights, as defined herein and in the CORPORATION'S By-Laws, shall automatically be suspended until reinstated by the BOARD after payment of said assessment. This provision is in no way intended to relieve an OWNER of any obligation and duty as set forth herein and in the By-Laws.

ARTICLE VIII

TAX SALES

The OWNER of a LOT or LIVING UNIT by acceptance of a deed, accepts such title subject to the rights of the DEVELOPER, its successors and assigns and the CORPORATION to redeem any tax sales certificates, or take an assignment of the same, and to acquire by reason of such redemption any and all rights accruing thereby in conformity with N.J.S.A. 54:5-54, any conveyance or alienation by the grantee his heirs, successors, administrator or assigns to the contrary notwithstanding.

ARTICLE IX

USE RESTRICTION OF THE PROPERTIES AND THE COMMON PROPERTIES AND FACILITIES

SECTION 1

RESTRICTIONS

No building, fence, wall, or other structure shall be commenced, erected, or maintained upon any LOT, nor shall any exterior addition, change, or alteration be made until the plans and specifications showing all details of the same are submitted to and approved in writing by the BOARD, in their sole discretion. Nothing contained herein shall be deemed to authorize the BOARD to approve any structure or plantings in the easement described in Article V herein.

SECTION 2

RESIDENTIAL USE

LOTS and LIVING UNITS thereon shall be used for residential purposes only.

SECTION 3

SIGNS

No signs, window signs, notices or displays of any nature or kind shall be shown or displayed upon the LOTS or LIVING UNITS.

SECTION 4

CLOTHESLINES

No outside clotheslines shall be constructed, erected, or maintained on any LOT or LIVING UNIT excepting a single removable type as approved by the BOARD which must be located within the confines of the rear yard and must be removed when not in use.

SECTION 5

PERMITTED USES

No mercantile, manufacturing, mechanical, or trading business, business establishment, commercial activity or professional office of any nature shall be maintained or conducted on THE PROPERTIES nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No horses, cattle, swine, sheep, goats, poultry, rabbits, or other animals except domestic pets or unconcealed garbage or rubbish containers shall be kept or maintained on such LOTS or LIVING UNITS. Domestic pets shall be adequately housed and confined at all times to their respective LOTS or LIVING UNITS under the supervision of their OWNERS. Garbage or rubbish containers may be temporarily placed for pick up subject to rules and regulations of the BOARD.

SECTION 6

VEHICLES

No trucks of whatever size, trailer trucks, pick-up trucks, house trailer, mobile home, recreational vehicle, or any other vehicle,

boats or trailers, or materials shall be placed, stored or stockpiled within the confines of any LOT or LIVING UNIT. No restrictions are intended, however, on personal automobile parking as may be reasonable and necessary to the residential use of any individual LOT or LIVING UNIT.

SECTION 7

DRAINAGE

No OWNER shall alter or change the established drainage pattern over his LOT from adjoining or surrounding LOTS or COMMON PROPERTIES. The DEVELOPER reserves the right to correct any drainage problem created by the OWNER at the OWNER'S expense. In addition, where the DEVELOPER has retained existing trees and natural growth in various locations throughout the development, the DEVELOPER assumes no liability for their continued growth. The OWNER assumes all responsibility for the maintenance or removal. In the case where this provision affects COMMON PROPERTIES, the CORPORATION assumes all responsibility for their maintenance or removal.

ARTICLE X

TRANSFER AND SUBSEQUENT TRANSFER

SECTION 1

ACCEPTANCE OF COVENANTS AND RESTRICTIONS

All OWNERS of any LOTS other than the DEVELOPER, agree by the acceptance of a deed to be bound by the covenants and restrictions contained herein, together with any rules and regulations which may be promulgated by the BOARD together with the By-Laws of the CORPORATION.

SECTION 2

AGE RESTRICTION, 55 YEARS OF AGE

Amendment Recorded in Ocean County
Clerk's Office on 3/6/89 in Bok #4740,
Page 425.

No OWNER as defined in this DECLARATION shall be less than 55 years of age, provided however, that in the even the LOT or LIVING UNIT is owned by a married couple, only one of the spouses must meet the requirements of this Article. In the event that an OWNER of a LOT or LIVING UNIT dies, testate or intestate, leaving as heirs one or more persons who do not qualify as to age, these restrictions shall in no way be deemed to restrict the ownership of said LOT or

LIVING UNIT by their heirs, provided however, that said heir or heirs, their successors or assigns, shall not occupy said LOT or LIVING UNIT until he or she meets the age requirement together with such other requirements that may be contained herein.

SECTION 3

OCCUPANCY OF LOT

Occupancy of any LOT or LIVING UNIT shall be restricted to persons of the age of 55 years or over, provided however, that a husband or wife, regardless of age residing with his or her spouse may occupy such unit so long as such spouse is of the age of 55 years or over.

SECTION 4

SALE OF LOT, DISCLOSURE TO BOARD

No transfer, sale, gift, lease, assignment or grant of any LOT or LIVING UNIT shall be made by any OWNER or any subsequent prospective purchaser or lessee until the existing OWNER who desires to transfer, makes full disclosure to the BOARD in writing, of the name and address of the prospective purchaser or lessee, together with the evidence that said prospective purchaser or lessee meets all qualifications that set forth herein.

SECTION 5

CHILDREN UNDER 19

No sale, transfer, gift, assignment, lease or grant shall be made of any LOT or LIVING UNIT covered by these covenants and restrictions to any purchaser, lessee, transferee or grantee who intends to have a permanent resident in the LOT or LIVING UNIT a child under the age of nineteen (19). Furthermore, in the event of any transfer of title by operation of law, any occupant of said property must meet all of the requirements contained in either Section 2 or 3 as set forth herein, and likewise, no occupant may have any child as a permanent resident, under the age of nineteen (19).

ARTICLE XI

BERKELEY TOWNSHIP EASEMENT IN COMMON PROPERTIES

The COMMON PROPERTIES excluding any clubhouse and other buildings shall be subject to a valid easement which is hereby granted to the Township of Berkeley, its successors and assigns, but not to the public in general to enter upon all roadways, streams, lakes, parking areas, driveways, sidewalks and walkways for the purpose of maintaining the health, benefit and welfare of the citizens of the Township of Berkeley including but not limited to all residents of Holiday City South.

ARTICLE XII

AMENDMENTS

SECTION 1

AMENDMENT OF COVENANTS AND RESTRICTIONS

These Covenants and Restrictions may be amended only by a two-thirds vote of the total BOARD and two-thirds vote of the OWNERS entitled to vote. The DEVELOPER shall have the right to cast its votes for any and all unsold units until such time that the DEVELOPERS control of the BOARD terminates pursuant to the provisions of Article XVII of the Declaration.

SECTION 2

CONSENT OF BERKELEY TOWNSHIP PLANNING BOARD

These Covenants and Restrictions shall, not be altered, amended, voided, or released, in whole or in part without the written consent of the Township of Berkeley Planning Board, by resolution duly adopted at a regular meeting. Notice shall be given to all OWNERS of lots as to the proposed alteration, amendment or release.

ARTICLE XIII

VALIDITY

In the event it is determined by a Court of Law that a specific provision or provisions of the Declaration of Covenants and Restrictions, or any part thereof is unconstitutional, unenforceable, or in any way unlawful, said provision or provisions

shall be severable from the remaining portion of these Covenants and Restrictions. The intent being that the remaining covenants and restrictions shall remain full force and effect and that any judicial decree, shall only affect that covenant that it dealt with.

ARTICLE XIV

TERM OF DECLARATIONS

The Covenants and Restrictions of this DECLARATION shall run in perpetuity until they are terminated by not less than, a two-thirds vote of the total BOARD, which vote must then be ratified by not less than a two-thirds vote of the MEMBERS of the CORPORATION. Notwithstanding the foregoing, these Covenants and Restrictions may only be terminated with the written consent of the DEVELOPER as long as the DEVELOPER owns any LOT or LIVING UNIT within THE PROPERTIES and any additions thereto.

The acceptance of a deed or occupancy of any LOT or LIVING UNIT within THE PROPERTIES, shall be conclusively deemed to mean that the occupant approves, adopts, and ratifies the Declaration of Covenants and Restrictions together with all amendments thereto, the By-Laws of the CORPORATION together with such rules and regulations as may be promulgated by the BOARD and the occupant of such LOT or LIVING UNIT, will comply therewith. Such approval, or ratification of the Declaration of the Covenants and Restrictions, shall further be deemed to mean that said Covenants and Restrictions shall run with the land.

ARTICLE XV

ENFORCEMENT

Enforcement of these Covenants and Restrictions shall be if necessary, by a proceeding at law or equity against any person or persons by a suit for enforcement of said Covenants and Restrictions or damages for the violation of said Covenants and Restrictions. It is further provided that the enforcement of these Covenants and Restrictions may be by the Township of Berkeley, any LOT OWNER, the DEVELOPER or the CORPORATION through its BOARD.

ARTICLE XVI

CORPORATION MEMBERS AND VOTING RIGHTS

SECTION 1

MEMBERSHIP IN CORPORATION

a) Every person or persons who is an OWNER of a LOT, or a fee interest in a LOT, which is subject by the Declaration of Covenants and Restrictions to assessment by the CORPORATION, shall be a MEMBER of the CORPORATION, provided however, that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a MEMBER.

Such OWNER or OWNERS, covenant and agree by virtue of the acceptance of a deed, to automatically become a MEMBER in said CORPORATION.

b) The DEVELOPER shall be a MEMBER of said CORPORATION and will hold such amounts of shares of stock as provided for in Section 3 hereafter.

SECTION 2

CONVEYANCE OF INTEREST IN CORPORATION

Each and every OWNER or OWNERS' interest in the CORPORATION, shall be conveyed automatically, by the delivery of a deed to any party or parties. The conveyance of such deed shall automatically pass the title of the OWNER'S share in the CORPORATION to the purchaser.

SECTION 3

DEVELOPER'S CONVEYANCE OF INTERESTS IN CORPORATION

MEMBERS shall be those persons defined as set forth in Section 1. Prior to any conveyance, the DEVELOPER shall hold all interests and be entitled to one vote for each LOT with THE PROPERTIES. At the time of conveyance of any LOT, the DEVELOPER shall then turn over a single interest in the CORPORATION to that purchaser or purchasers. After closing of title, the OWNER shall have the right to one vote for his interest.

SECCTION 4

ONE VOTE PER LOT

If more than one person owns a LOT, such persons shall have that portion of one vote proportionate to his or her ownership in the LOT.

ARTICLE XVII

OWNER CONTROL

SECTION 1

RELINQUISHMENT OF OWNER'S CONTROL

DEVELOPER shall have the right at all times to vote the total amount of shares which it holds.

Notwithstanding the above, DEVELOPER CONTROL of the CORPORATION shall be relinquished to the OWNERS in the following manner:

- a) Sixty days after conveyance of 25% of the LOTS, not less than 25% of the members of the BOARD shall be elected by the OWNERS;
- b) Sixty days after conveyance of 50% of the LOTS, not less than 40% of the MEMBERS of the BOARD shall be elected by the OWNERS;
- c) Sixty days after conveyance of 75% of the LOTS, the DEVELOPER'S control of the BOARD shall terminate at which time the OWNERS shall elect the entire BOARD.

SECTION 2

THE DEVEOPER ON THE BOARD

Notwithstanding a, b, and c above, the DEVELOPER may retain one member of the BOARD so long as there are any LOTS remaining unsold in the regular course of business.

SECTION 3

MEMBERSHIP PERCENTAGE CALCULATIONS

In calculating the above percentages, it is presumed that they are calculated on the basis of the entire number of LOTS entitled to membership in the CORPORATION.

SECTION 4

DEVELOPER RELINQUISHING CONTROL OF THE BOARD

The DEVELOPER may relinquish control of the BOARD of the CORPORATION prior to the time as specified, provided the OWNERS agree by a majority vote to assume control.

SECTION 5

OWNER'S CONTROL OF THE BOARD

Upon the assumption by the OWNERS of control of the BOARD of the CORPORATION, the DEVELOPER shall forthwith deliver to the CORPORATION all items and documents pertinent to the CORPORATION such as, but not limited to, a copy of the master deed, declaration of covenants and restrictions, documents of creation of the CORPORATION, by-laws, minute book, including all minutes, any rules and regulations, an accounting of CORPORATION funds, CORPORATION funds, all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the association.

SECTION 6

CORPORATE ACTIONS AFTER OWNER'S CONTROL

The CORPORATION, when controlled by the OWNERS, shall not take any action that would be detrimental to the sales of units by the DEVELOPER and shall continue the same level of maintenance, operation and service as immediately prior to their assumption of controls, until the last unit is sold.

ARTICLE XVIII

ASSIGNMENT BY DEVELOPER


DEVELOPER, its successors or assigns, shall have the right to assign all of its duties, responsibilities and rights hereunder, either in part or in whole, to any third party in its sole discretion.

ARTICLE XVIX
MISCELLANEOUS

Notwithstanding anything in this DECLARATION to the contrary, all representations made by DEVELOPER in any Public Offering Statement, shall be deemed to be binding upon the CORPORATION and the BOARD.

Attest:

HOVSONS, INC.


Deborah A. (Ruggier)


John R. Vogel, Executive Vice President

State of New Jersey

SS:

County of Ocean

BE IT REMEMBERED,- that on this day of before me the subscriber, an Attorney at Law of New Jersey, personally appeared John R. Vogel 3 the Executive Vice President of Hovsons , Inc. who, I am satisfied, is the person who has signed the within instrument; and I having first made known to him the contents thereof, he thereupon acknowledged that he signed, sealed with the corporate seal and delivered the said instrument as such officer aforesaid; that the within instrument is the voluntary act and deed of said corporation, made by virtue of authority from its Board of Directors.

Sworn to and subscribed before me at Toms River, New Jersey the date aforesaid.



Anthony P. Spirito
An Attorney at Law of New Jersey

PREPARED BY: ANTHONY P- SPIRITO, ESQ.