

*Public Offering Statement*  
Part 1 of 2

*Filed and  
Presented By*

*Park Edge  
Limited Partnership*

PUBLIC OFFERING STATEMENT

FILED AND PRESENTED BY

PARK EDGE LIMITED PARTNERSHIP

A New Jersey Limited Partnership  
having an office  
c/o Gale, Wentworth & Dillon  
100 Campus Drive  
Florham Park, New Jersey 07932

for

68 Condominium Units located  
at 189-191 Springfield Avenue  
Township of Berkeley Heights, Union County, New Jersey

and designated as

PARK EDGE, 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 CODES AND STANDARDS HAS NEITHER APPROVED NOR DISAPPROVED THE MERITS OF THIS OFFERING. BE SURE TO READ CAREFULLY ALL DOCUMENTS BEFORE YOU SIGN THEM.

EFFECTIVE DATE OF STATEMENT: July 16, 1993

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-12 ET SEQ.), AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER.

THE UNITS OFFERED HEREUNDER ARE RESTRICTED AS TO OCCUPANCY AND IT IS REQUIRED THAT AT LEAST ONE RESIDENT BE NOT LESS THAN 62 YEARS OF AGE. PROSPECTIVE PURCHASERS ARE DIRECTED TO SECTION 10A OF THIS PUBLIC OFFERING STATEMENT FOR A DISCUSSION OF THIS RESTRICTION.

FOREWORD

ANY PROSPECTIVE PURCHASER WHO ENTERS INTO A SUBSCRIPTION AND PURCHASE AGREEMENT CAN, AS A MATTER OF RIGHT, CANCEL THE AGREEMENT WITHOUT CAUSE BY DELIVERING WRITTEN NOTICE OF THE CANCELLATION TO THE SPONSOR BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY ON WHICH THE AGREEMENT IS EXECUTED. IN THE EVENT SUCH A CANCELLATION IS EFFECTED, ALL MONIES PAID BY THE PURCHASER SHALL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

PUBLIC OFFERING STATEMENT

FOR

PARK EDGE, A CONDOMINIUM

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1. INTRODUCTION

Park Edge Limited Partnership, a New Jersey Limited Partnership (hereinafter the "Sponsor"), located at 100 Campus Drive, Florham Park, New Jersey 07932, presents herewith its Public Offering Statement for the establishment of a plan of condominium ownership (hereinafter the "Plan"), with respect to approximately 3.8 acres of land and eight (8) residential buildings, together with certain other improvements, all being located at Springfield Avenue, Township of Berkeley Heights, County of Union and State of New Jersey (hereinafter the "Property").

The land, together with the buildings and all other improvements, is to be known as "Park Edge, A Condominium" (hereinafter the "Condominium"). A legal description of the Property is contained in Exhibit A to the Master Deed for "Park Edge, A Condominium" (hereinafter the "Master Deed"), attached hereto as Exhibit 1.

The Condominium is planned to ultimately contain one hundred (100) dwelling units. All of the dwelling units will be restricted as to occupancy so as to require that at least one of the occupants of each dwelling be at least sixty-two (62) years of age, all as is more particularly described in Section 10A of this Plan (the "Senior Citizen Restriction"). Building 8, and the dwelling units located in Building 8, as shown on the Site Plan which appears as Exhibit B to the Master Deed (the "Building 8 Unit"), are to be retained by the Sponsor and therefore are not

included in the Plan. Accordingly, this offering relates solely to the sixty-eight (68) units contained in Buildings 1 through 7 as shown on the Site Plan (the "Units"). The Sponsor presents herewith its Public Offering Statement for the sale of all of these Units.

The creation of the Condominium is governed by the Condominium Act, *N.J.S.A. 46:8B-1 et seq.* The Condominium will be established by the recording of the Master Deed in the office of the Register of Union County. The Master Deed will pertain to the Property as an entirety and will be recorded by the Sponsor prior to the closing of title to the first Unit in the Condominium. The Planned Real Estate Development Full Disclosure Act, *N.J.S.A. 45:22A-21 et seq.*, and the regulations promulgated thereunder, govern the offering for sale of the Units.

All multiple dwellings in New Jersey are subject to the Hotel and Multiple Dwelling Law, *N.J.S.A. 55:13A-1 et seq.*, including those which are held under the condominium form of ownership. This law governs the maintenance and upkeep of the residential structures. Park Edge Condominium Association, Inc. (the "Association") will be responsible under this law for the abatement of all violations that 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.

2. DESCRIPTION OF INTEREST BEING OFFERED

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

A Unit generally consists of the space bounded by an imaginary plane along and coincident with the innermost surface of the ceiling joists of a Unit, the unexposed (earth-side) surface of the concrete floor of the basement (or innermost surface of the floor of the Unit, for apartment-type Units) and an imaginary plane along and coincident with the innermost surfaces of the studding of the perimeter walls of the Unit. A more specific delineation of a Unit is set forth in Section 4 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 of the Association (hereinafter the "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, a Unit Owner must maintain the interior of the Unit as well as its doors and windows and must pay the cost of any utilities that are individually metered for 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, and any equipment, furniture or other property that is owned or acquired by the Association.

Under Paragraph 5 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 can be broadly described as those which are for the use and benefit of certain Units to the exclusion of the other Units. The Sponsor recommends that each prospective purchaser consult Paragraph 5 of the Master Deed for a more complete treatment of the Common Elements. All Unit Owners have access to the General Common Elements, while access to the Limited Common Elements is restricted to certain Unit Owners.

In addition, the Board of Directors (the "Board") of the Association is empowered under the terms of the Master Deed to temporarily designate certain General Common Elements as Reserved Common Elements for the use and enjoyment of one or more Unit Owner(s) to the exclusion of other Unit Owners, in accordance with any Rules and Regulations of the Association. The Association may require the payment of a specific charge or fee for the use of these Reserved Common Elements.

The interest of each Unit Owner in the Common Elements has been established by the Sponsor and is expressed as a percentage of the whole, as set forth in Exhibit F to the Master Deed. The proportionate interest of the Unit Owner in the Common Elements

is significant in that it is used to allocate among the Unit Owners the casualty insurance proceeds paid for any damage to the Common Elements, as well as those resulting from any condemnation or other disposition thereof. In addition, a Unit Owner's proportionate share of the Common Expenses of administering the Condominium, as discussed in Section 6 of this Public Offering Statement, is based upon his proportionate interest in the Common Elements. It is intended that the slight differences in percentage interests shall not affect the above apportionments. In elections of Directors of the Board, each Unit Owner shall be entitled to cast one (1) vote for each Unit for which he holds title; in all other questions the votes shall be weighted based upon the proportionate interest allocated to the Unit for which the vote is cast.

The ownership of the Common Elements cannot be legally partitioned and thereby transformed from an undivided proportionate interest in all of the Common Elements to an exclusive interest in a portion thereof. In addition, the responsibility for the administration, operation and maintenance of the Common Elements lies with the Association, a non-profit corporation of which each Unit Owner is automatically a member.

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

recognized institutional lender. 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 11 of the Master Deed such as that which requires a lease to be for a minimum term of six (6) months and that which requires all leases to be subject to all other covenants, conditions and restrictions of the Master Deed. This leasing restriction does not apply to the leasing of the dwelling units in the Building 8 Unit by the owner thereof. Additionally, the leasing of any Unit must be subject to the Senior Citizen Restriction. 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 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 Berkeley Heights as well as the interest paid by him with respect to any mortgage indebtedness encumbering his Unit, subject to certain limitations on the deductibility of mortgage interest contained in the Federal Tax Reform Act of 1986, as amended. 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 deduction available to each Unit Owner will depend upon his particular income tax bracket and whether such Unit Owner elects to itemize his deductions from adjusted gross income. Neither the Sponsor, the Association or any real estate broker that might be retained by the Sponsor for the purposes of advertising and promoting the sale of Units offered hereunder, nor any of their agents or employees, hereby make or are authorized to make any representations whatsoever as to the right of any purchaser to claim or deduct for federal 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 purpose of ascertaining the availability of such deductions.

Each prospective purchaser should 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 by the Condominium Act and settled common-law principles of property ownership. The Master Deed and its Exhibits, together with all other Exhibits annexed hereto, are an integral part of this Public Offering Statement and are incorporat-

ed by reference whenever referred to. The Sponsor recommends that these documents be carefully examined by prospective purchasers and their legal and financial advisors.

### 3. DESCRIPTION OF THE PROPERTY

The Property is located on Springfield Avenue, opposite Briarwood Drive, in the Township of Berkeley Heights, Union County, New Jersey. The area of the Property is approximately 3.81 acres. The Property is located in the AH-5 Affordable Housing Zone as shown on the Berkeley Heights zoning map. Surrounding land to the east and north of this Property consists of open land currently owned by the County of Union and used for a soccer field and park land. Single family housing in the R-15 zone is located to the west and across Springfield Avenue to the south. A townhouse development of affordable housing units has been approved for an area to the west of the Property in the AH-4 zone. This development, to be known as "The Highlands", has not yet been constructed.

The Condominium will be comprised of eight (8) buildings. Building 8 will consist of thirty-two (32) apartment-type Units, each containing one or two bedrooms. Building 8 will comprise one individual unit in the Condominium, ownership of which will be retained by the Sponsor. As provided in a Developer's Agreement between the Sponsor and the Township of Berkeley Heights, dated July 19, 1989, the Sponsor will rent the dwelling units comprising Building 8 to households meeting certain affordable income levels. The individuals residing in these dwelling units must also satisfy

the Senior Citizen Restriction set forth in Section 10A of this Plan.

It is anticipated in the Developer's Agreement that in twenty (20) years, the Sponsor will convey the Building 8 Unit to the Township of Berkeley Heights and the Township will thereafter administer the rental of the dwelling units in Building 8 to senior citizens meeting the affordable income requirements. In the event the Developer's Agreement is terminated or amended, the Building 8 Unit may be reconfigured so as to permit the sale of the individual dwelling units contained therein. In Paragraph 4.04 of the Unit Deed, the Sponsor or any subsequent owner of the Building 8 Unit has reserved the right to subdivide some or all of the Building 8 Unit into "Sub-Units" and to create "Building 8 Limited Common Elements" specifically for the use of one or more of the newly created "Building 8 Sub-Units", all without the consent of any other Unit Owners or parties. These newly created Units would become individual Units in the Condominium which could be sold to individual Purchasers after appropriate registration of any offering of said Units with the New Jersey Department of Community Affairs. The percentage interest in the Common Elements of the thirty-two (32) new Units will aggregate that of the Building 8 Unit. The creation of Building 8 Sub-Units would be effectuated by the recordation of appropriate amendment(s) to the Master Deed. Notwithstanding the preceding, the Sponsor anticipates that the Building 8 Unit will be rented as provided in the Developer's Agreement for the foreseeable future.

The Units contained in Buildings 1 through 7 are the primary subject of this Plan. Buildings 2 through 7 contain townhouse-type Units, each with one or two bedrooms. There are thirty-six (36) townhouse-type Units. The relative locations and floor plans of the townhouse-type Units are illustrated on the architectural drawings which are Exhibit 1C of this Plan.

The Units contained in Building 1 are apartment-type Units, each with one or two bedrooms. There are thirty-two (32) apartment-type Units. The relative locations and floor plans of the apartment-type Units in Building 1 are illustrated on the architectural drawings which are Exhibit 1C of this Plan.

There are one hundred and one (101) parking spaces on the Property. The parking spaces will be available on an unreserved, "first-come, first-served" basis for all residents of the Condominium, including lessees of the dwelling units in the Building 8 Unit. The Master Deed restricts any Unit Owner from parking more than one vehicle on the Property, and the Board of Directors of the Association will be empowered to adopt rules and regulations to enforce this rule. Other public parking may be available on the street surrounding the condominium to the extent allowed by the ordinances of the Township of Berkeley Heights.

As part of Building 1, a small community center will be constructed. It will contain a lounge and several meeting rooms and will be available for use by all Unit Owners and other residents of the Condominium. It is anticipated that the Associa-

tion will furnish and equip the community center area as it chooses, and that the Board of Directors will promulgate appropriate rules and regulations governing the community center use. The Sponsor estimates completion of the community center in June, 1994. This is only an estimate, and construction schedules and other matters will affect the actual completion date.

#### 4. COMMUNITY INFORMATION

The Condominium is located in the Township of Berkeley Heights, along Springfield Avenue, which serves as the main thoroughfare through both Berkeley Heights and the adjacent Borough of New Providence.

The New Jersey Transit Railroad runs through Berkeley Heights and New Providence and provides connections to New York and Newark. Convenient bus service from either Berkeley Heights or New Providence is also available for travel to New York and Newark.

Police protection will be provided by the Berkeley Heights Police Department, which is located approximately 1.5 miles from the Condominium. Fire fighting service will be provided by a volunteer fire department and a volunteer rescue squad, both located in Berkeley Heights approximately 1.5 miles from the Property. New Providence also has a fire department and fire station located 1.2 miles from the Property. Four hospitals with primary care facilities are located near the Condominium. Runnels Hospital is located in the southern section of Berkeley Heights,



3.3 miles from the Property. Berkeley Heights is also served by the Mobile Intensive Care Unit Association with Overlook Hospital, which is located in nearby Summit. Other hospitals in the area include Fair Oaks Hospital in Summit and Muhlenberg Hospital in Plainfield.

Public elementary and high schools are located within several miles of the community. The schools located within Berkeley Heights include: Mountain Park School, located 2.4 miles from the Condominium; Columbia School, located 1.9 miles from the Condominium; West Lake School, located 2.4 miles from the Condominium; William Woodruff School, located 0.8 miles from the Condominium; Thomas P. Hughes School, located 0.6 miles from the Condominium; and Governor Livingston Regional High School, approximately 4.5 miles away.

The schools located within New Providence include: Hillview School; A.W. Roberts School, located 0.6 miles from the Condominium; Salt Brook School, which is one mile from the Condominium; and the New Providence High School, located one mile from the Condominium.

Churches, houses of worship and religious centers located within a short distance of the Condominium in Berkeley Heights include: Church of the Little Flower Roman Catholic Church; Diamond Hill United Methodist Church; Mountain Ridge Bible Chapel; Union Village United Methodist Church; and Westminster Presbyterian Church. Also within a short distance of the Condominium are places

of worship located in New Providence, including: Faith Lutheran Church of New Providence; Our Lady of Peace Roman Catholic Church; the Presbyterian Church at New Providence; and United Methodist Church of New Providence. In addition, Temple Sinai is located in nearby Summit.

A local retail shopping facility is located in Berkeley Heights along Springfield Avenue less than one mile from the Condominium. Shopping facilities are also available in the New Providence central business district, located along Springfield Avenue a little over one mile from the Property.

Recreational activities are provided by a variety of groups and organizations within the community. The Berkeley Heights Recreation Commission works closely with the Berkeley Heights Police Athletic League, a volunteer organization which offers instructional and competitive programs in a variety of sports and activities, the Berkeley Heights Youth Soccer Association and the Senior Citizens Club. Available recreational facilities within 3.0 miles from the Condominium include: Columbia Park, a 127.3 acre park with many facilities; Memorial Field; Horseshoe Road; a community pool area; and the Passaic River property, which contains approximately 106 acres of county-owned park lands. Facilities are also located on the school properties of the community. Recreational facilities located in New Providence, which are overseen by the Department of Recreation of New Providence and which are located within 5.0 miles of the

Condominium include: Oakwood Park; Grove Terrace Park; Lion's Park; Springfield Avenue Park; Lenci Nature Park; Morris Avenue Park; Warner Place Park; and the community pool. In addition, the Berkeley Heights Free Public Library and the Memorial Library of New Providence are each located within 2.0 miles from the Condominium.

All necessary utilities will be available to the Condominium as follows: gas will be supplied by the Public Service Electric and Gas Co.; electricity will be supplied by Jersey Central Power & Light Co.; telephone service will be supplied by New Jersey Bell Telephone Co.; water supply is available from the Commonwealth Water Co. and is individually metered to individual Units; refuse collection will be provided by Countryside Disposal of Berkeley Heights; and waste water disposal will be provided by the Township of Berkeley Heights, which owns and operates a sewage treatment plant. Waste water disposal costs are included in each Unit Owner's real estate taxes. Suburban Cablevision Company will provide cable television service for those Unit Owners who wish to arrange for such service.

5. MAINTENANCE, MANAGEMENT AND OPERATION OF COMMON ELEMENTS

Upon conveyance to him of title to his Unit, each purchaser automatically becomes a member of the Association, a non-profit membership corporation which has been created under Title 15A of the New Jersey Statutes. In addition, the Sponsor has one

membership in the Association for each Unit to which it holds title, and one membership for the Building 8 Unit. The Association is charged with the responsibility for the maintenance, management and operation of the Common Elements. This responsibility is fulfilled through the Board, which is empowered by the terms of the By-Laws to employ any person, firm or corporation to assist it in the performance of its duties.

The manner in which directorships are filled is set forth in Article IV of the By-Laws. Until the first annual meeting of the Association, which is to take place within sixty (60) days after the Sponsor conveys seventeen (17) Units to individual purchasers, the Board is to consist of three (3) individuals designated by the Sponsor, none of whom need to be a Unit Owner. At the first meeting, the Board will be expanded to consist of five (5) Directors, three (3) of whom will be appointed by the Sponsor and two (2) of whom will be elected by Unit Owners other than the Sponsor. Elected Directors will serve for two-year terms and the appointed Directors will serve until their successors are elected.

When Unit Owners other than the Sponsor own fifty-one (51) Units, Unit Owners other than the Sponsor shall be entitled to elect the entire Board; provided, however, that the Sponsor shall be entitled to appoint one (1) member of the Board for so long as the Sponsor owns and holds at least one (1) Unit for sale in the normal course of business.

6. BUDGET AND COMMON EXPENSES

Pursuant to Article VI of its By-Laws, the Association is obligated to prepare an annual budget that 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. An estimated annual budget, which is based upon full occupancy of the Condominium and prevailing costs for 1993, is included herein as Exhibit 2.

The funds necessary to meet the Common Expenses contemplated by the budget are acquired by the Association through the assessment of an annual charge (the "Common Expense Assessment"), which is to be paid by each Unit Owner in monthly installments on the first day of each month. The Common Expense Assessment borne by each Unit is based on the Common Expenses contemplated under the annual budget and the allocation of that amount 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 in the Budget, the Board can impose a special assessment to cover the deficiency. In addition, the Board 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. Any repair, replacement or improvement which is not of an emergency nature and which costs more than \$5,000 must be approved by two-thirds (2/3) of the Unit Owners. An expenditure for repair, replacement or improvement of the Common Elements is assessed against the Unit Owners who are benefitted by the expenditure 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 can accelerate the outstanding assessments and institute a lawsuit to foreclose upon the Unit. The Association can also file a lawsuit against a recalcitrant Unit Owner to compel the payment of any unsatisfied regular or special assessments.

The allocation of the expenses set forth in the Budget has been structured so that the Building 8 Unit Owner will pay all costs attendant to the administration, operation and management of the Building 8 Unit, as well as a proportionate share of the general common expenses of the Condominium, which includes the maintenance of the roadway and parking areas. Similarly, Unit Owners other than the Building 8 Unit Owner will proportionately be responsible for the costs unique to the operation of Buildings 1 through 7, while also sharing in a proportionate share of the

general expenses. In general, the proportions have been calculated on the basis of the approximate square footage of the respective Units. The allocation of payment of any special assessment levied by the Association will also be based upon these criteria. A chart delineating the proportionate common expense responsibility of each Unit is attached hereto as Exhibit 1G. The Master Deed also includes a detailed explanation of the allocation of these individual common expense responsibilities in Section 7 of the Master Deed.

The Sponsor, while it is in control of the Association, will pay the difference, if any, between the actual operating expenses of the Association and the portion of the Common Expense Assessments for operating funds attributable to Units that have been conveyed by the Sponsor. Despite the foregoing, the Sponsor shall not be required to pay any operating fund deficiencies that are due to non-payment of Common Expense Assessments by Unit Owners other than the Sponsor. Once control of the Association passes to Unit Owners other than the Sponsor, the Sponsor's sole obligation with regard to Common Expense Assessments shall be to pay the Common Expense Assessments attributable to those unconveyed Units for which an initial Certificate of Occupancy has been issued by the Township of Berkeley Heights.

While the Sponsor maintains a majority of representation on the Board, it shall have an annual audit of Association funds prepared by an independent accountant, a copy of which shall be

delivered to each Unit Owner within ninety (90) days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

7. IMPROVEMENTS

In addition to the eight (8) unattached residential buildings that have already been referred to herein, the Condominium will include paved parking areas, sidewalks, exterior lighting, landscaping, and a community center located in Building 1. As of the date of the Public Offering Statement, the Sponsor does not contemplate any further improvements to the Property other than those shown on the Condominium Site Plan, which appears as Exhibit B to the Master Deed.

8. CONTRACTS

It is contemplated that the Association will enter into a property management agreement with Gale, Wentworth & Dillon (the "Managing Agent"). The Managing Agent shall be responsible for the day-to-day management, administration and operation of the Condominium. This responsibility shall include such functions as arranging routine maintenance and repair schedules for the Common Elements, collecting the Common Expense Assessments, keeping records, arranging and notifying Unit Owners of meetings and other similar duties. The management fee relative to the management services to be provided is included in the proposed budget appended hereto as Exhibit 2. It is also anticipated that the Association,



while controlled by the Sponsor, will enter into trash removal, lawn maintenance and snow clearing agreements for the Property.

Aside from the aforementioned maintenance proposals, there are currently no other service contracts, leases or other contracts or agreements affecting the use or maintenance of, or access to, any or all of the Common Elements or community facilities that will be binding upon the Association once the Plan becomes effective.

9. RELATIONSHIP BETWEEN SPONSOR AND MANAGING AGENT

Certain principals of the Sponsor are also principals of the Managing Agent.

10. RESTRICTIONS ON OCCUPANCY, ALIENATION AND ALTERATION OF THE UNITS

Under Paragraph 11 of the Master Deed, certain restrictions are imposed upon the use and occupancy of the Units, the right to transfer and the right to alter the Units. These restrictions place limits on such things as keeping pets, parking vehicles, dumping waste, affixing loudspeakers, antennae or other items to the exterior of the buildings and making structural alterations to a Unit. Units are restricted as to occupancy in that at least one resident of each Unit must be 62 years of age or older, as further described in Section 10A hereof. In addition, limitations are placed on the leasing or mortgaging of Units. The examples set forth herein are general and incomplete, and each

prospective purchaser should refer to Paragraph 11 of the Master Deed and familiarize himself thoroughly with the restrictions before purchasing a Unit.

10A. SENIOR CITIZEN RESTRICTION

In addition to the other restrictions set forth in Paragraph 11 in the Master Deed, Units will be subject to the Senior Citizen Restriction that is set forth fully in Paragraph 11.01(a) of the Master Deed. The Senior Citizen Restriction was a condition of the approvals for the Condominium granted by the Berkeley Heights Planning Board.

The Senior Citizen Restriction provides:

1. Each Unit must be occupied by at least one individual who is 62 years of age or older. The Unit may additionally be occupied by a spouse who has not attained the age of 62 and/or one child or grandchild of the senior citizen occupant who has attained at least the age of 18.

2. In the event the individual over the age of 62 dies, a spouse, regardless of age, may continue to permanently occupy the Unit. However, if the Unit is not occupied by an individual who is a spouse, the occupancy must be terminated within six months of the death of the person over the age of 62 if the surviving occupant has not yet attained the age of 55.

3. The Senior Citizen Restriction applies to both the leasing and the purchase of Units.

4. At no time may more than 15% of the Units be occupied by individuals who have not attained at least the age of 55.

5. The Senior Citizen Restriction may be enforced by the Association, any Unit Owner, or the Township of Berkeley Heights. In no event may the Master Deed be amended to revise the Senior Citizen Restriction, except with the prior approval of the Berkeley Heights Planning Board.

11. MONIES PAID PRIOR TO CLOSING

All deposit monies paid by a prospective purchaser, directly or through his agents or employees, will be held in escrow by Hartlaub & Dotten, Esqs., 47 River Road, Summit, New Jersey 07901, until such time as title to the Unit is transferred or the Subscription and Purchase Agreement is properly terminated. Such deposit monies shall be deposited in a special account known as "Park Edge, Special Escrow Account for Purchasers", or some other similar name, to be maintained at The Summit Trust Company, One Main Street, Chatham, New Jersey 07928.

12. EASEMENTS, ENCUMBRANCES AND RESTRICTIONS

A brief summary of the easements, encumbrances and restrictions affecting the Condominium is presented in this Section. However, prospective purchasers should examine the Master

Deed and other Condominium documents for a more specific description and to become thoroughly familiar with same before purchasing a Unit.

The Property is subject to all restrictions of record and to the following easements upon the recording of the Master Deed:

1. Each Unit Owner shall have the benefit of the following easements:

a. A non-exclusive easement in, upon, over, under, across and through the Common Elements to keep, maintain, use, operate, repair and replace his Unit in its original position and in every subsequent position to which it changes by reason of the gradual forces of nature and the elements;

b. An exclusive easement for the existence and continuance of any encroachment by his Unit upon any adjoining Unit or upon any Common Element now existing or which may come into existence hereafter as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of a building or a Unit, or as a result of condemnation or eminent domain proceedings, so that any such encroachment may remain undisturbed so long as the building stands;

c. A non-exclusive easement for ingress and egress to this Unit in, upon, under, over, across and through the General Common Elements;

d. An exclusive easement to use and enjoy the surfaces of the main walls (including any windows, doors or chimneys therein), ceilings and floors contained within his Unit;

e. An easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, television, master antennae and other General Common Elements located in any of the other Units and serving his Unit; and

f. A perpetual and non-exclusive easement in, over and through the General Common Elements of the Condominium to use the driveways, walkways and other common facilities within the Condominium subject to the right of the Board to:

(i) promulgate Rules and Regulations for the use and enjoyment thereof; and

(ii) suspend the enjoyment and voting rights of any Unit Owner for any period during which any assessment for Common Expenses remains unpaid, or for any period during which any infraction of its published Rules and Regulations continues, it being understood that any suspension for either non-payment of any assessment or a breach of the Rules and Regulations of the Association shall not constitute a waiver or discharge of the Unit Owner's obligation to pay the assessment.

2. The Sponsor, its successors and assigns, shall have the following easements with respect to the Property:

a. A blanket and non-exclusive easement in, upon, through, under and across the Common Elements for the purpose of construction, installation, maintenance and repair of any improvements to the Units or the Common Elements, for ingress and egress, for the use of all driveways and parking areas, and for the utilization of existing and future model Units for sales promotion and exhibition, until the expiration of one (1) year from the date the last Unit is sold and conveyed in the normal course of business, but in no event more than ten (10) years from the date of recording the Master Deed. In addition, Sponsor reserves the irrevocable right to enter into, upon, over or under any Unit for such purpose as may be reasonably necessary for the Sponsor or its agents to service such Unit or any part of a building provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not; and

b. A perpetual, blanket and non-exclusive easement in, upon, over, under, across and through the Common Elements for surface water runoff and drainage caused by natural forces and elements, grading and/or the improvements located upon the Property. No individual Unit Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Condominium.

3. The Property shall also be subject to the following:

a. The Association shall have a perpetual exclusive easement for the maintenance of any Common Elements, which presently or may hereafter encroach upon a Unit;

b. The Association, through the Board or manager, or managing agent, or their respective agents or employees, shall have the perpetual and non-exclusive right of access to each Unit (a) to inspect same; (b) to remedy any violations of the provisions of the Master Deed, the By-Laws or any Rules and Regulations of the Association; and (c) to perform any operations required in connection with the maintenance, repairs or replacements of or to the Common Elements, or any equipment, facilities or fixtures affecting or serving other Unit(s) or the Common Elements; provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not;

c. Any Eligible Mortgage Holder, its officers, agents and employees, shall have a blanket, perpetual and non-exclusive easement to enter the Condominium or any part thereof to inspect the condition and repair of the Common Elements or any Units so encumbered by a first mortgage owned by it. This right shall be exercised only during reasonable daylight hours, and then whenever practicable, only after advance notice to and with the permission of the Board and the Unit Owner affected thereby;

d. A blanket, perpetual and non-exclusive easement in, upon, over, across and through the Common Elements for the purpose of the installation, maintenance, repair service and replacement of all sewer, water, power and telephone pipes, lines, mains, conduits, waters, poles, transformers, master television antennae and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility systems serving the Property, which easement shall be for the benefit of any governmental agency, or utility company or other entity which requires same for the purpose of furnishing one or more of the foregoing services; and

e. A blanket, perpetual and non-exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Common Elements to the Township of Berkeley Heights, the Association, their respective officers, agents and employees (but not the public in general) and all police, fire, and ambulance personnel in the proper performance of their respective duties, (including but not limited to emergency or other necessary repairs to a Unit which the Unit Owner has failed to perform), and for repair and maintenance of the Common Elements. Except in the event of emergencies, the rights accompanying the easements provided for in this subsection shall be exercised only during reasonable daylight hours and then, whenever practicable, only after advance notice to and with permission of the Unit Owner(s) directly affected thereby.



Prospective purchasers should also note that Sponsor has reserved a Power of Attorney, in Section 10.02 of the Master Deed, to execute on behalf of all Unit Owners, any further documents which may be required by mortgage holders, government agencies or title insurance companies. Among other rights, this Power of Attorney would allow Sponsor to grant further utility and access easements without the consent of Unit Owners.

The Sponsor specifically reserves the right to obtain construction financing or otherwise mortgage any portion of the Property owned by the Sponsor, provided that: (i) no such mortgage may affect any Unit previously conveyed or any property owned by the Association without the consent of all affected Owners; (ii) any such mortgage contains a provision whereby the lien of the mortgage will be released as against any Unit sold to a bona fide purchaser for value upon payment by the Sponsor of a specified release consideration; and (iii) the Sponsor alone and not any Owner or the Association will be responsible for any payments required under any such mortgage.

As construction, sales and closings progress, the identity of the Unit(s) encumbered by any such construction mortgage will change from time to time, without the necessity of any amendment to this Public Offering Statement. The Sponsor will, however, remain obligated to notify prospective purchasers of any blanket encumbrance affecting the Property.

The Subscription and Purchase Agreement expressly provides that the Agreement is subordinate to any mortgage granted by the Sponsor upon its interest in the Property, including any Unit owned by the Sponsor, whether the mortgage is granted prior to or subsequent to the date the Agreement is executed. Accordingly, the liens of any such mortgages will be superior to the interest of a purchaser of a Unit for which the Sponsor has not procured releases. In the event of a default by the Sponsor under any such mortgages and the institution of a foreclosure action by a mortgagee, the mortgagee would be entitled to terminate any legal or equitable interest of a purchaser arising under an executed Subscription and Purchase Agreement. However, the Sponsor would not be relieved of its liability to the purchaser under the Agreement if it were rendered unable to convey title to the Unit in question by virtue of such a foreclosure proceeding.

Under the terms of the Subscription and Purchase Agreement, the Sponsor is obligated to deliver title to the Unit to the purchasers thereof free and clear of the lien of the mortgage placed on the Property by the Sponsor, and will deliver title to the Unit to purchaser thereof free and clear of the lien of any mortgage placed on the Property by the Sponsor, and will deliver releases from such mortgages in recordable form, at the time of closing of title to a Unit.

In the event the Sponsor fails to deliver releases of any of the mortgages upon a Unit, or is rendered unable to convey title

to the Unit in question by virtue of a foreclosure proceeding instituted under obligations as to the quality of title required by the Agreement to be delivered on its closing date, the purchaser shall be entitled to rescind the Agreement.

13. NATURAL AND ARTIFICIAL FORCES

The Condominium is not, to the best of Sponsor's knowledge, subject to any regular or periodic natural forces that have a detrimental effect on the use or enjoyment of the Property. The Condominium is not in a Flood Hazard Area as defined by the Federal Insurance Administration.

The Condominium is not, to the best of Sponsor's knowledge, subject to any artificial forces that have a detrimental impact on the use or enjoyment of the Property.

14. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS

For the purpose of determining real estate taxes, the equalized ratios of assessed valuation to true valuation and the tax rates for 1992 and the two years preceding were:

<u>Year</u>	<u>Tax Ratio</u>	<u>Tax Rate Per Hundred Dollars Of Assessed Value</u>
1990	.50%	3.43
1991	.52%	3.56
1992	.52%	3.73

Commencing with the date on which the Master Deed is filed, each Unit is subject to being separately assessed for local real estate

property taxes, and the liability of each Unit Owner for the taxes assessed against his Unit will be independent of the liability of the other Unit Owners. Assuming a purchase price of \$144,000.00, for a townhouse-type Unit, the real estate taxes based on the 1992 tax rate and ratio would be \$2,793.02. Assuming a purchase price of \$123,000.00 for an apartment-type Unit, the real estate taxes based on the 1992 tax rate and ratio would be \$2,366.31. These are estimations only, and are not intended to be representations of either the actual real estate taxes that will be assessed against a particular Unit, or a representation as to the selling prices of any Units. The Sponsor makes no representations as to what the actual real estate taxes assessed against any particular Unit will be. Each prospective purchaser should make independent inquiry with the tax assessor of the Township of Berkeley Heights as to what the potential real estate taxes for a specific Unit might be.

There are no existing or proposed special taxes or assessments of which the Sponsor is aware and for which a prospective purchaser would be responsible for payment. No representation is made, however, as to special taxes or assessments which may be assessed by the Township of Berkeley Heights in the future. The Sponsor will be responsible for (a) a municipal improvement completed prior to the date of the closing of title for a Unit and for which there is an unconfirmed municipal assessment outstanding against the Property; and (b) a municipal improvement that has been completed as of the date of the closing of title for a particular Unit which has not yet been confirmed but for which there will be

a future assessment against the Property. A purchaser of a Unit shall not be responsible for a municipal improvement which has not been completed as of the date of the Subscription and Purchase Agreement and which is not taken into account by the Sponsor and the purchaser at the time they enter into a Subscription and Purchase Agreement.

The Sponsor is not aware of any actual or proposed special taxes or assessments that will affect the Condominium. In the event of same, the responsibility for same between Sponsor and purchaser will be adjusted as of the closing dates for the various Units.

15. SETTLEMENT COSTS AND CLOSING OF TITLE

A. Good and marketable title to each Unit and its appurtenant interest in the Common Elements, insurable at regular rates, will be conveyed to each purchaser by the Sponsor by a Bargain and Sale Deed With Covenant Against Grantor's Acts (a sample copy of which appears as Exhibit 4 to this Public Offering Statement) free and clear of all liens and encumbrances other than:

1. Zoning regulations and ordinances, if any, and any amendments thereto now or hereafter adopted;

2. Easements, covenants, restrictions, reservations, agreements and other matters contained, incorporated by reference, or referred to in this Public Offering Statement, the Master Deed or any Exhibits to either; and

3. Any state of facts which would be shown by an accurate survey.

B. The estimated closing costs to be borne by each purchaser of a Unit will include, but not necessarily be limited to:

1. The costs for recording the deed to the Unit;
2. Mortgage closing costs, if applicable, which may included but are not limited to the following:
  - a. The mortgagee's application fee, which is a non-refundable fee that must usually be paid at the time the mortgage application is submitted;
  - b. The mortgagee's counsel review fee;
  - c. The mortgage recording fee;
  - d. Pro-rata interest on such mortgage loan from the date of closing of title to the Unit to the date of the first regular monthly principal and interest payment;
  - e. A deposit to establish an escrow account for the payment of annual real estate taxes which have been or will be assessed against his Unit;
  - f. The cost of private mortgage insurance, if any, due upon closing of title;

g. Such other processing fees, origination fees, administrative fees, etc. as may be required by a mortgagee, including, but not limited to, appraisal fees, termite certifications, etc.; and

h. The cost of a mortgagee's policy of title insurance, including all premiums, search fees, etc. in connection with same.

3. The fees and expenses of his own attorney, if any;

4. A pro rata share of the Common Expense Assessment attributable to the Unit adjusted from the closing date to the first day of the next month;

5. A non-refundable, non-transferable capital contribution equivalent to twice the then current monthly Common Expense installment attributable to the Unit in order to provide the Association with initial working capital (which shall not be deemed a prepayment of the monthly installments of the Common Expense Assessment attributable to the Unit);

6. The costs of a survey certificate, if requested by a purchaser or required by his mortgagee; and

7. A Unit purchaser may obtain, at his own expense, a policy of title insurance for his Unit. A specimen copy of a commitment for such a fee policy, available from Trans America

Title Insurance Service, appears as Exhibit 5 to this Public Offering Statement.

None of the foregoing closing costs will be paid by Sponsor.

16. LIMITED WARRANTY, APPLIANCES AND INSULATION INFORMATION

A. LIMITED WARRANTY

The Sponsor warrants the construction of the Unit as follows:

1. In accordance with the provisions of the New Jersey Home Warranty and Builders' Registration Act (*N.J.S.A. 46:3B-1 et seq.*), Sponsor shall enroll each Unit, at or prior to closing, in an approved warranty security plan and shall pay all requisite fees/premiums for such enrollment and coverage; provided, however, that any deductibles for such warranty coverage shall be the obligation of the purchaser.

2. In addition to the foregoing, the Sponsor warrants that any outbuildings, driveways, walkways, patios, retaining walls and fences shall be free from substantial defects due to material and workmanship for a period of one (1) year from the date of closing or the date of possession, whichever first occurs.



3. Sponsor also warrants that all drainage is proper and adequate.

4. Sponsor also warrants that all Units offered hereby are fit for their intended use.

5. Sponsor also warrants that the common facilities are fit for their intended use and warrants the construction of same for a period of two (2) years from the date of completion. The Sponsor shall repair or correct any defect in construction, material or workmanship in the common facilities within a reasonable time after notification of the defect.

6. The Sponsor expressly warrants that the Unit substantially conforms to the architectural plans used to induce the purchaser to enter into a Subscription and Purchase Agreement unless otherwise noted in the contract.

While the Sponsor maintains control of the executive board, it 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 the Common Elements shall be processed in accordance with *N.J.A.C. 5:25-5.5*.

#### B. APPLIANCES

The Sponsor intends to install a dishwasher and an oven in each Unit as standard items. Sponsor reserves the right to install additional appliances as standard items at its option, but

will not be required to do so. To the extent that any of those appliances installed are covered by a manufacturer's guaranty of warranty that is assignable, Sponsor will assign same to the purchasers of Units.

C. INSULATION INFORMATION

Pursuant to the requirements of Section 460.16 of the Trade Regulation Rules promulgated by the Federal Trade Commission with respect to Labeling and Advertising of Home Insulation (16 CFR Part 460), the Sponsor hereby discloses and purchaser hereby acknowledges receipt of the following information that has been furnished to the Sponsor by the manufacturer with respect to the fiberglass batting insulation that will be installed:

<u>LOCATION</u>	<u>R-VALUE</u>
Ceiling	R-30
Exterior Walls	R-20

The R-value of insulation varies through each Unit from R-16 to R-38.

17. OTHER DEVELOPMENTS

The Sponsor has not been involved in the construction or conversion of any other residential development within the State of New Jersey or otherwise within 100 miles of the Condominium.

18. INSURANCE

Under Article V, Section 2 of the By-Laws, the Board is obligated to procure and maintain certain policies of insurance, including:

A. Insurance against property damage to any improvements that are Common Elements in an amount equal to the full replacement value of the improvements;

B. Insurance against liability for any accidents that occur on the Common Elements in an amount set by the Board;

C. Insurance against liability of Directors and Officers of the Association for errors and omissions in connection with their activities as such; and

D. Flood hazard insurance in the event any insurable improvements to the Property are located in a federally designated flood zone of greater than minimal hazard.

The insurance that must be maintained by the Board is set forth in detail in Article V of the By-Laws.

A letter relative to the adequacy of the insurance coverage is included as part of Exhibit 2 hereof.

The Sponsor recommends that each Unit Owner procure and maintain through his own insurance agent adequate insurance against property damage and for accidents which occur within his Unit. Each

such policy must, however, contain a waiver of subrogation of all claims against the Association or other Unit Owners. Unit Owners may wish to consult with their insurance advisors to determine whether they wish to carry any other types of insurance.

19. RIGHTS AND OBLIGATIONS OF SPONSOR

Effective Date of the Plan

The Plan will become effective upon recordation of the Master Deed.

Unsold Townhouse Units - Rights Of The Sponsor To Rent

The Sponsor reserves the right to rent any unsold Unit for such a term, at such a rental and under such terms and conditions as it shall deem appropriate. Certain of the residential apartments, which are located in the Building 8 Unit, are not part of this offering, and are intended to be rented for the foreseeable future.

20. 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.

21. FINANCING AND TERMS OF PURCHASE

Each Unit will be initially offered for sale under the terms and conditions set forth in the Subscription and Purchase

Agreement appended hereto as Exhibit 3. The Sponsor reserves the right to change the terms under which any unsold Units are offered for sale. Each prospective purchaser must pay the Sponsor a deposit of at least ten (10%) percent of the purchase price for the Unit upon the execution of the Subscription and Purchase Agreement.

22. GENERAL

This Public Offering Statement does not knowingly omit any material fact or contain any untrue statement of 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 representation which is not expressly contained herein. Any information, data or representation not contained in the 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 in the documents referred to in this Public Offering statement should not be relied upon. The Sponsor's current financial statement will be available at the sales office for perusal by prospective purchasers.

To the best of Sponsor's knowledge, there are no lawsuits or other proceedings now pending, or any judgments outstanding, against the Sponsor or any person or persons associated therewith, which might become a lien against the Property or which materially affect the 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. Any such amendment, which does not materially and adversely affect any purchaser or his Unit and which is required by a lending institution having a mortgage on the Property, by a 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 a Subscription and Purchase Agreement or accepted title to a Unit.

The Sponsor hereby represents to the best of its knowledge, information and belief, that the statements and representations contained herein are true and accurate.

PARK EDGE LIMITED PARTNERSHIP,  
SPONSOR

