

SEE PAGE iii FOR SPECIAL RISKS TO PURCHASERS

OFFERING PLAN  
FOR  
VACATION VILLAGE HOMEOWNERS  
ASSOCIATION, INC  
Drawer 650  
Loch Sheldrake  
Sullivan County  
Fallsburg New York

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Amount of Offering

Phase I: \$1,695,000.00                      Phase II: \$76,200.00  
Total Amount of Phase I and Phase II: \$1,771,200.00

Number of Homes in Phase I: 58                      Number of Homes in Phase II: 162  
Maximum Number of Homes: 220

THE COST OF MEMBERSHIP IN VACATION VILLAGE HOMEOWNERS ASSOCIATION, INC.  
IS INCLUDED IN THE PURCHASE PRICE OF THE HOMES.

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SPONSOR AND SELLING AGENT:

VCV DEVELOPMENT CORPORATION  
295 MADISON AVENUE  
NEW YORK, NEW YORK 10016  
(212) 685-6100

ATTORNEYS FOR THE SPONSOR:

WEIDMAN & SIEGEL-BAUM  
270 MADISON AVENUE  
NEW YORK, NEW YORK 10016  
(212) 532-5334

Date of the Offering Plan: Sept. 12th, 1983

This Plan may not be used after Sept. 12, 1984 unless extended by amendment.

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THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL MEMBERSHIP INTERESTS IN THE HOMEOWNERS ASSOCIATION. NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION IN THIS PLAN AND TO FILE THIS WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL ANY MEMBERSHIP INTERESTS. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

**\*\*SPECIAL RISKS\*\***

- (1) THIS OFFERING PLAN IS MADE SUBJECT TO A LONG-TERM LEASE ON THE CLUBHOUSE (PART OF THE COMMON AREAS) WHICH WILL OBLIGATE THE HOMEOWNERS ASSOCIATION FOR FUTURE YEARS. THE LEASE AGREEMENT IS BETWEEN THE HOMEOWNERS ASSOCIATION AS LANDLORD AND THE SPONSOR AS TENANT FOR A PERIOD OF 20 YEARS. THE LEASE PROVIDES FOR THE SPONSOR TO OPERATE A RETAIL TYPE BUSINESS OR RESTAURANT IN THE CONCESSION AREA AND THREE (3) STORES IN THE BASEMENT, ALL OF WHICH ARE LOCATED IN THE CLUBHOUSE. THE SPONSOR ALSO HAS THE EXCLUSIVE RIGHT TO OFFER FOR SALE, FOOD AND BEVERAGES IN A PORTION OF THE CLUBHOUSE. THE ASSOCIATION WILL NOT BE PERMITTED TO RENT TO A COMPETITING BUSINESS ANY OTHER PORTION OF THE CLUBHOUSE. THE SPONSOR, AS TENANT, WILL OCCUPY APPROXIMATELY EIGHTEEN (18%) PERCENT OF THE SQUARE FOOTAGE OF THE CLUBHOUSE. THE ANNUAL RENT BEING PAID REPRESENTS APPROXIMATELY TWENTY-FIVE (25%) PERCENT OF THE REAL ESTATE TAXES AND INSURANCE PREMIUMS ATTRIBUTABLE TO THE CLUBHOUSE. PURCHASERS SHOULD BE AWARE THAT THE ASSOCIATION MAY BE PAYING A PORTION OF THE EXPENSES FOR OPERATING THE CLUBHOUSE WHICH ARE ATTRIBUTABLE TO THE LEASED AREAS. SEE PAGE 28 UNDER "MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS" FOR A FULL DESCRIPTION OF THE LEASE AND THE RISKS INVOLVED.
- (2) NO BOND OR OTHER SECURITY HAS BEEN POSTED TO SECURE THE PERFORMANCE OF THE SPONSOR'S OBLIGATIONS AS SET FORTH HEREIN. THE ABILITY OF THE SPONSOR TO PERFORM ITS OBLIGATIONS WILL DEPEND UPON ITS FINANCIAL CONDITION AT THE TIME IT IS CALLED UPON TO PERFORM. NO REPRESENTATIONS CAN BE MADE THAT IT WILL BE FINANCIALLY ABLE TO PERFORM ANY OR ALL OF SUCH OBLIGATIONS.
- (3) UNDER THE TERMS OF THIS OFFERING PLAN THE SPONSOR HAS RESERVED THE RIGHT TO RETAIN TWENTY (20) HOMES IN PHASE II OF THE DEVELOPMENT WITH THE INTENTION OF BUILDING TWO-FAMILY TOWNHOUSE RENTAL UNITS. THE SPONSOR WOULD BE ENTITLED TO RENT TO WHOMEVER IT WISHES WITHOUT RESTRICTION. ALL LESSEES, WOULD, HOWEVER, BE REQUIRED TO COMPLY WITH ASSOCIATION BY-LAWS AND DECLARATION. SEE PAGE 3 UNDER "PHASES OF CONSTRUCTION" FOR A FULL DESCRIPTION OF THE RISKS INVOLVED.
- (4) THIS OFFERING PLAN PROVIDES THAT THE SPONSOR SHALL GUARANTEE MAINTENANCE FOR THE FIRST THREE (3) YEARS OF OPERATION OF THE ASSOCIATION. PURCHASERS SHOULD BE AWARE THAT AFTER SUCH TIME MAINTENANCE MAY INCREASE SUBSTANTIALLY. FURTHERMORE, IN THE EVENT FEWER THAN 220 HOMES ARE BUILT IN THE DEVELOPMENT, ASSESSMENTS PER HOME MAY INCREASE SUBSTANTIALLY. SEE PAGE 6 AND THE FOOTNOTES THEREIN UNDER "PROJECTED SCHEDULE OF RECEIPTS AND EXPENSES FOR FIRST YEAR OF OPERATION COMMENCING OCTOBER 1, 1983" FOR A FULL DESCRIPTION OF THE RISKS INVOLVED.

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## I. INTRODUCTION

### A. Sponsor And Offer To Sell

VCV Development Corp., (hereinafter the "Sponsor"), a New York Corporation with offices at Drawer 650, Loch Sheldrake, Fallsburg, New York presents herewith its Offering Plan (hereinafter the "Offering Plan",) for Vacation Village Homeowners Association (hereinafter the "Association"), a membership corporation incorporated on July 26, 1983 under the Not-For-Profit Corporation Law of the State of New York. A copy of the Certificate of Incorporation of the Association is annexed hereto as Exhibit B.

The Sponsor acquired the property on April 20, 1983, taking fee title under a Bargain & Sale Deed with Covenants against Grantor's Acts. The Sponsor intends to construct a two phase project with a maximum of 220 Homes and minimum of 58 Homes in a development known as Vacation Village (hereinafter the "Development") located at Loch Sheldrake, Fallsburg, New York, approximately 100 miles northwest of New York City. The Homes will be located on approximately 139 acres of land in Sullivan County, State of New York. The units are detached, semi-detached and attached one and two family units and owners shall receive fee title to the unit and the land upon which it is situated (hereinafter the "Homes"). The Sponsor reserves the right to retain ownership of 20 Homes to construct two family rental units to be constructed in the areas designated as such on the Site Plan annexed hereto as Exhibit D. All other units will be constructed as one family units.

Fee simple title to the land upon which the Development is being constructed is held by the Sponsor. At the time of the transfer of title of the final portion of the Common Areas, the Sponsor will provide the Association with a Title Insurance policy from an insurance company authorized to do business in New York. The policy will cover the Common Areas in the amount of \$1,695,000.00 for Phase I and \$76,200.00 for Phase II.

Phase I and Phase II including the Homes (hereinafter the "Properties") are presently encumbered by a first mortgage held by Louis Mintz and Ruth Popkin in the principal amount of \$350,000.00. Each purchaser of a Home will receive title to his Home free and clear of all mortgages, liens and encumbrances. At the time of conveyance of the Common Areas, the Common Areas will either be free and clear of all mortgages, liens and encumbrances or the Sponsor will obtain a financial guaranty bond \$5,000.00 in excess of the remaining mortgage indebtedness. It will remain the Sponsor's obligation to satisfy the mortgage and such obligation shall survive the conveyance of title to the Common Areas. The bond will assure the Sponsor's performance to pay the outstanding mortgage. See Page 31 under "Mortgage Indebtedness" for a full description.

## B. Features Of Homeowner's Association

In offering the Homes in this Development, the Sponsor is simultaneously offering mandatory memberships in the Association. The cost of membership in the Association is included in the sales price of each Home. A purchaser of a Home in the Development will automatically assume the rights and obligations of membership in the Association upon closing title to his Home. Prospective purchasers should be aware that if they resell their Homes, those who purchase from them will automatically become members of the Association. The mandatory nature of membership in the Association, which is proscribed by the Declaration of Covenants, Restrictions, Easements, Charges and Liens (the "Declaration") annexed hereto as Exhibit A to this Offering Plan, is set forth in the Contract of Sale and Deed annexed hereto as Exhibits F and G, respectively. A summary of the Declaration is set forth at pages 22 through 24. Each purchaser of a Home in this Development will, upon conveyance of a deed, thereof become an owner of his individual unit and the land upon which it is constructed, subject to a primary and supplemental Declaration.

The Sponsor has received the approval of the Town Board of the Town of Fallsburg to construct a planned unit development. A copy of the local law enacted which approves the sub-division plan is set forth on page 30.

The Association will own and maintain "Common Areas" (hereinafter referred to as the "Common Areas" or the "Properties") and facilities within the Development for the use and enjoyment of its members. A full description of these areas and facilities is set forth in the Engineer's Report annexed hereto as Exhibit G and discussed herein at page 15. Purchasers will own their respective Homes and have the use of the Common Areas and facilities. The purchaser's Home will be situated on that portion of the property not used for Common Areas and roads. The portion of the land not utilized in the construction of the residential units will contain the roadways and the Common Areas comprising pedestrian walkways and green areas. The recreational facilities include indoor and outdoor pool; 5 tennis courts; 1 basketball court; 1 volleyball court; the Clubhouse; 5 handball courts; and a 30 acre lake. All of the facilities are adequate to support the maximum number of Homes being built in the Development. The Town of Fallsburg local authorities shall provide the Association with the following services: police, fire department, water, sanitation removal, snow removal, and road maintenance. A full description of the services provided by the local government is described under "Description of Common Areas and Facilities" at page 15.

Members of the Association will have the right to vote annually for the Board of Directors who will conduct the affairs of the Association and supervise the operation of the Common Areas and facilities (see the section of the Plan called "The Association" at page 16). Members will pay monthly maintenance charges to the Association for the operation and maintenance of the Common Areas and facilities and creation of such reserve for contingencies as the Board of Directors may deem proper. The maintenance charges for the first

year of operation are set forth on pages 6 through 9F.

The Sponsor agrees that anyone may purchase a Home by agreeing to the terms of the contract of sale, a copy of which is annexed as Exhibit F, and by making a downpayment of 10% of the purchase price, at the time of the signing of the contract of sale. The Sponsor will not finance the purchase of any Home. If the prospective purchaser defaults on his obligation as set forth in said contract of sale then Sponsor may keep the down payment as liquidated damages. In the event there is a conflict between the terms of the contract of sale and this Offering Plan, the conflict will be resolved in favor of the Offering Plan.

Prior to conveying title to each Home within the Development, the Sponsor is obligated to complete the construction of the streets, roadways, walkways, driveways and parking facilities directly serving the Home.\* The Sponsor has further warranted to complete construction or improvement and convey all of the recreation facilities except the Clubhouse prior to the closing of the first Home. Following the conveyance of title from the Sponsor to the Association of one or more portions of the Common Areas, the Common Areas so conveyed will be operated and maintained by the Association. The Sponsor will continue to maintain the remaining portions of the Common Areas at its sole cost and expense until such time as they are conveyed to the Association or are permanently excluded from the Association. In no event will the Clubhouse or any of the recreation facilities be excluded from the Association. The Clubhouse will be conveyed within three (3) years of the recording of this Declaration. The Sponsor is, in any event, obligated to complete the conveyance of all of the Common Areas to the Association within three (3) years of the recording of the Declaration.

Commencing with the Sponsor's transfer of any portion of the Common Areas to the Association, each Homeowner will become responsible for the payment of a pro-rata portion of the expenses of the Association arising from the operation and maintenance of the Common Areas owned by the Association and for lawn care and other expenses throughout the Development and the creation of such reserves for contingencies as the Board of Directors of the Association may deem proper. Members will also be required to make the pro rata payment of the real estate taxes levied on the Common Areas. Initially, each Homeowner will pay his pro rata portion of the real estate taxes directly to the Sponsor who will in turn pay the taxes to the Town Assessor for the benefit of all of its members. At the point at which the Town assesses the Homes individually, Homeowners will be required to pay real estate taxes directly to the Town of Fallsburg.

The maintenance charges for the first full year of operations of the Association are set forth on pages 6 through 10. In addition to paying annual maintenance charges and any special assessments of the Association, upon acquiring title to his Home from the Sponsor, each Purchaser will be required to make a non-refundable \$100 contribution to provide the Association with an initial working capital fund for the payment of its obligations. Any subsequent purchaser becomes responsible to the Association for any unpaid maintenance charges due

at the time of acquisition.

\* Notwithstanding the foregoing obligation, Sponsor warrants that all roadways, driveways and parking facilities shall be passable for traffic; however, Sponsor does not warrant that they shall be blacktopped prior to the first closing.

#### C. Phases Of Construction

The Sponsor shall construct the Development in two phases. Construction Phase I refers to Homes 1 through 58; construction phase II refers to Homes 59-220. Phase I will have 58 Homes; Phase II will have a maximum of 162 Homes and a minimum of 50 Homes. The Sponsor also retains a right to retain 20 Homes in Phase II for the purpose of constructing two-family Townhouse rental units.

Although the Sponsor intends to construct 220 Homes in the Development on Phases I and II as said Phases are illustrated on the proposed Site Plan, Exhibit D herein, it has the option to limit the Development and size of the Development to only the 58 Homes it will build on Phase I. The Declaration, which will be recorded in the Sullivan County Clerk's Office prior to the closing of title to the first Home in the Development, will cover and subject the entire Development to its provisions. The Declaration will provide however, that the Sponsor will have the right, at any time within three (3) years of the date of the recording of the Declaration, to irrevocably surrender its right to include the 162 Homes it plans to construct in Phase II or to reduce the number of Homes it will construct in Phase II.

In the event the Sponsor surrenders such right, the approximately 54.5 acres comprising Phase II will be automatically released from the benefits conveyed and burdens imposed by the provisions and terms of the Declaration. All contracts of sale covering Homes in Phase II will be cancelled. In such event, owners of Homes eventually constructed in Phase II, if any, will not have any right to the use and enjoyment of the Common Areas which the Sponsor is obligated to convey to the Association; nor will they be liable for Association assessments.

The projected budget for the first year's operation of the Association is set forth on pages 6 through 10 based on a Development of 58 Homes or 220 Homes. Annual maintenance charges will be collected from the Homeowners on the basis of a 220 Home Development until such time, if any, as the Sponsor advises the Association that it has determined to construct fewer than 220 Homes. The Sponsor is obligated to make any such determination and to decide whether or not to include Phase II in the Development within three (3) years of recording of the Declaration.

#### D. General

The purpose of the Offering Plan is to set forth all the terms of the Offering Plan concerning the Association. This Offering



Plan may be altered from time to time in amendments filed with the Department of Law. All amendments will be served on purchasers and members of the Association.

The Offering Plan contains all of the detailed terms of the transaction as it relates to the Association. Parts A, B and C of the Exhibits delivered to the New York State Department of Law contain all of the documents referred to in the Offering Plan. Copies of the Offering Plan and Parts A, B and C of the Exhibits will be available for inspection without charge to prospective purchasers and their attorneys at the office of the selling agent.

The purchaser should be aware that the prices in this Offering are set by the Sponsor alone and are not subject to review or approval by the New York State Department of Law or any other governmental agency.

THE PURCHASE OF A HOME ASSOCIATED WITH A MANDATORY MEMBERSHIP IN A HOMEOWNERS ASSOCIATION HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES, AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A CONTRACT OF SALE.

# SCHEDULE A

## PROJECTED SCHEDULE OF RECEIPTS AND EXPENSES FOR FIRST YEAR OF OPERATION COMMENCING OCTOBER 1, 1983 (1)

<u>Projected Income</u>	<u>PHASE I</u>	<u>PHASE II</u>
	Based on 58 Homes	Based on 220 Homes
Maintenance Charges (\$660.00 per Home per year payable annually).....	\$ 38,280 (2)	\$145,200
Estimated receipts from Leased Areas....	\$ 5,000 (3)	\$ 5,000
Additional maintenance paid by Sponsor.....	\$120,166 (4)	\$ 22,196
TOTAL.....	<u>\$163,446</u>	<u>\$172,396</u>
<u>Projected Expenses</u>		
Labor.....	\$ 4,500 (5)	\$ 8,200
Heating.....	See Utilities	
Utilities (Electricity and gas for common property).....	\$ 18,500 (6)	\$ 18,500
Telephone.....	\$ 1,000 (7)	\$ 1,000
Management.....	\$ 27,000 (8)	\$ 27,000
Road Maintenance.....	\$ -0- (9)	\$ -0-
Repairs and Maintenance.....	\$ 5,600 (10)	\$ 6,000
Service Contracts.....Landscaping	\$ 15,000	\$ 15,000
Pool Care	\$ 8,000 (11)	\$ 8,000
Supplies and Office Equipment.....	\$ 7,000 (12)	\$ 7,000
Refuse Removal.....	\$ 2,850 (13)	\$ 5,700
Insurance.....	\$ 18,746 (14)	\$ 18,746

Accounting and Legal.....	\$ 1,000	(15)	\$ 1,000
Taxes			
Real Estate.....	\$ 21,500	(16)	\$ 21,500
Franchise.....	\$ 250	(17)	250
Reserve.....	\$ 29,500	(18)	\$ 29,500
Contingencies, Petty Cash.....	\$ <u>3,000</u>	(19)	\$ <u>5,000</u>
TOTAL.....	\$ <u>163,446</u>		\$ <u>172,396</u>

# FOOTNOTES

- (1) This budget has been prepared by the Sponsor based upon its experience in operating comparable facilities. While the Association's first year of operations will actually commence upon the date of closing of title to the first Home, the Sponsor in preparing the projected budget has made the assumption that the first year of operations will encompass the period from October 1, 1983 through September 30, 1984. The budget is sufficient, in the Sponsor's opinion, to operate the Development upon the assumption that either 58 or all 220 Homes and the Common Areas to comprise the Development have been completed. While the total annual Association assessment will initially be divided equally among the 220 Homes, the Sponsor's obligation for assessments on unsold Homes will be limited to the difference between the actual expenses incurred in operating the Development and the proportionate assessments levied on owners who have closed title to their Homes. See Article VI, Sections 3 and 4, of Exhibit A for a detailed description of such limitation. In the event the Sponsor elects not to include Phase II and the 162 Homes it plans to construct on this Phase in the Development, or in the event the Sponsor includes Phase II in the Development but builds fewer than 162 Homes thereon, the total Association assessment will be divided equally among a lesser number of Homes. In this event, purchasers may anticipate maintenance charges increasing substantially. Furthermore, after the third year of operation when the Sponsor no longer guarantees maintenance, assessments may rise, dramatically, if fewer than 220 Homes are constructed. The following illustrates approximate annual maintenance charges per Home, based on the number of Homes indicated, after the third year of operation assuming the same expenses indicated in the budget.

<u>Number of Homes Constructed</u>	<u>Annual Maintenance</u>
220	\$ 783
200	\$ 862
150	\$1,149
100	\$1,724
58	\$2,818

- (2) In addition to the income presented on this Schedule, each purchaser will be required to contribute \$100 to the Association as initial working capital upon the purchase of a Home from the Sponsor. The capital contribution of \$100 will be paid to the Association by each Homeowner at the closing of his property. This would apply to the Sponsor only to the extent that Sponsor retains any or all of the twenty (20) Homes discussed herein for the purpose of constructing rental units. So long as the Sponsor is in control of the

Association the working capital fund may not be used to diminish or reduce operating expenses.

- (3) The Sponsor will lease certain designated areas in the main Clubhouse building. The lease provides for annual rental to be paid to the Association in the amount of \$5,000 annually for the first 5 years; \$7,500 annually for the next 5 years; \$10,000 annually for the next 5 years; and \$12,500.00 annually for the remaining 5 years. The Sponsor shall be occupying approximately 18% of the usable square footage of the building and paying approximately 25% of the costs to operate the building. See Attachment I, letter from Edwin D. Silvers, P.E., 26 North Street, Middletown, New York 10940. Inasmuch as the Sponsor may not necessarily occupy the Leased Areas at the commencement of the first year of operation, the Association may anticipate receiving somewhat less than \$5,000 in income from the Leased Areas during the first year.
- (4) The Sponsor has guaranteed Purchasers, under this Offering Plan, that their maintenance charge for the first year of operation will be \$660 per Home. Consequently, in the event the Sponsor does not close on both Phase I and Phase II of the project the first year, Sponsor will be required to contribute an additional amount of monies to meet the projected budget.

Purchasers should be aware that after the third year of operation assessments may increase substantially. Furthermore, when all Homes are sold or if the Sponsor elects to abandon Phase II of the project the Sponsor will no longer be obligated for additional maintenance. Thus, the additional maintenance paid by the Sponsor will no longer be a source of income. Purchasers may anticipate their assessments rising as is indicated in Footnote 1 herein.

- (5) Based upon three persons working during the summer months as lifeguards and waterfront attendants. The budgeted pay for these positions will be \$150 per week for the 10 week period. None of these employees will be union members. The weekly salary is based on a thirty five hour work week with payment of an hourly minimum wage. This pay scale is adequate for this area and the positions to be filled.
- (6) The basis for the utility costs is as follows. These costs are based on a quotation from Edwin D. Silvers, P.E., Consulting Engineers, 25 North Street, Middletown, New York 10940.

Clubhouse: The Association will occupy that part of the Clubhouse consisting of the nightclub, house of worship, entry lobby, restrooms, staff housing, lounge and play-room. The Sponsor will lease the coffee shop, and three basement stores. There will be separate meters for each area. The Sponsor will pay for the electricity utilized in its area and the Association will pay for the electricity utilized in its area. The functioning time for the Clubhouse will be from mid-April to mid-November for both parties. The house of worship will be used on Saturdays only and will be heated and cooled by a heat pump. The restrooms will be used in the same time frame and will be heated by electric baseboard heat. The nightclub area will have its own air conditioning and no heating. The walls and ceilings of the house of worship and restrooms are insulated with R-11 insulation. The remainder of the Association portion of the building will be utilized only during the 14 weeks from June 1 to September 15. The utility costs for the unheated and non air-conditioned portions consists only of the lighting.

Indoor Pool, Sauna and Exercise Building: This building will be occupied entirely by the Association. The functioning time for this building will be from mid-April to mid-November. The exercise building will be heated by electric baseboard heat. The indoor pool will be heated by LP gas. The building is insulated with R-11 insulation in the ceiling. The remainder of the utility costs will be associated with the electrical lighting and electrical pool equipment.

Outdoor Pool, Handball Courts, and Tennis Courts: This area will be utilized entirely by the Association. The functioning time for this area will be from June 1 to September 15. The pool will not be heated but utility costs will be incurred with the electrical lighting and electrical pool equipment.

- (7) The telephone costs for the Common Area are projected at \$996.17. The basis for the projection is that only one telephone will be put in for the management. The costs were quoted by Mrs. Cogswell, The Continental Telephone Company of Upstate New York. The cost of installation is \$96.17. The monthly charge for the telephone will be \$22.83. The budgeted cost for the telephone is \$75.00 per month which includes the monthly charge and long distance charges.
- (8) Included in this item is the compensation of the Managing Agent (See Management Agreement Exhibit L) in the amount of \$13,200.00. The Managing Agent will be a full-time employee of the Association. In addition, there will be a part-time clerical worker salaried at \$8,500 per year to assist the Managing Agent. The payroll taxes for the Managing Agent and clerical personnel have also been included under this item, at approximately \$5,300 per year.
- (9) The roads will be dedicated to the Town on or about December 1, 1983. This will not include the 1400' private road which will service the town house units. No maintenance costs are anticipated during the period prior to the dedication of the roads as the continuous construction effort will keep the roads maintained. The private road is considered to be in optimum condition at completion of construction. Maintenance costs are included in Repairs and Maintenance Expenses and in Reserves.

(10) Repairs and Maintenance

Service contracts for landscaping and pools are indicated under a service contract heading. General repairs and maintenance will include:

	<u>Material Costs</u>
Light Bulbs 2 cases @ \$66.00	\$132.00
Paper Towels 1 case @ \$36.14	36.14
Toilet Paper 1 case @ \$46.62	46.62
A/C Filters	25.00
Cleaning (including materials and basic equipment such as mops and brooms)	1,000.00
Plumbing installations maintenance (i.e. faucet washers, caulking, toilet seats, etc)	500.00
Window Screen repair	500.00
Gutter and downspout cleaning	200.00
Stair and Railing	300.00
Hardware repair (doors, windows, etc.)	2,000.00
Miscellaneous items	300.00
Special work	\$5,539.76

The figures are based on 1983 Means Cost Data Manual, Practical Apartment Management (Edward N. Kelly), and the experts experience with these expenses.

No provision is allocated here for labor in that it will be performed by in-house personnel as shown in labor allowance. An allowance of \$300 is provided for special work for such items as exterminating service.

- (11) Landscaping service will include lawn maintenance, seeding and fertilizing, and necessary care of the trees and shrubs in common Areas. Cost factors are as listed in attached projection by John Connolly of Woodburne, New York. Pool servicing will include opening and closing of both the indoor and outdoor pool. Weekly maintenance of both pools including chemical adjustment, vacuum cleaning and checking water level. Cost factors are based on attached projections by Robert Berger of Youngsville, New York.
- (12) Miscellaneous office and Common Area supplies are budgeted at \$4,000 and \$3,000, respectively.
- (13) Based on two 2 yard dumpsters in each parking lot area. Phase I will have ten dumpsters and Phase II will have ten. The costs for refuse pickup is \$2.50/yard pickup. This is a verbal quote from ARCO Sanitation, a local private contractor. The standard pickup sequence would be twice a week from June 1 to September 15; once a week from April 15 - June 1 and September 15 to November 15; and once every other week during the remainder of the year.
- (14) Based upon an all risk insurance policy (\$850,000); liability insurance policy (\$1,000,000) and umbrella liability policy (\$4,000,000) being purchased by the Association naming the Association and each owner as insured including the rights of the various mortgagees in respect to specific properties. The policy would cover one hundred percent (100%) of the total replacement cost of property owned commonly such as the Club house and swimming pool, and liability protection for negligence claims arising out of commonly owned land and maintenance operations. Each owner would be individually responsible for his home, personal property and personal liability in respect to home ownership and personal pursuits. This premium was quoted by Herman Wealcatch Inc. at 90 John Street, New York, New York. (See attached letters).



- (15) This item takes into account the actual accounting statement and preparation of tax returns. The amount budgeted is based on a quotation from Gilbert Sunshine & Co., Certified Public Accountants, 111 Bower Street, Jersey City, New Jersey 07307 (See attached letter). No legal expense is anticipated for the first year of operation.
- (16) Real Estate Taxes for the completed project were projected by the assessor for the Town of Fallsburg, Sullivan County, NY. Details are as shown in attached letter from Thomas Frey, Assessor. No other taxes are expected. See Attachment II.
- (17) The Homeowners Association may be subject to franchise taxes. The amount budgeted was based upon a quotation from Gilbert Sunshine & Co., Certified Public Accountants, 111 Bower Street, Jersey City, New Jersey 07307.
- (18) Reserve  
The Association will be responsible for the upkeep of the common area improvements. The first year costs for repair maintenance will be minimal as these structures have been recently refurbished. To properly anticipate replacement for upkeep, the following reserves have been set aside. The expected lives utilized were arrived at through experience the construction and property management industry, and from factors listed in Marshall Valuation Service and Means 1983 Cost Data Manual. The costs were arrived at through 1983 costs Construction Data Book. Reserves also provide for inflation which was arrived at through the Department of Commerce means in Composite Construction Cost Index (42% for last year). Purchasers should be aware that neither the Department of Law nor any other government agency has passed upon the adequacy of the reserve.

Roof

Anticipated Life: 10 years

Inflation  
Adjustment

$$\frac{15,000A}{10 \text{ years}} \times \$ .85/A = \$1,275/\text{year} (1.5) = 1,912.50/\text{yr.}$$

Painting

Interior

Anticipated Life: 5 years

$$\frac{35,000A}{5 \text{ years}} \times \$ .34/A = \$2,380/\text{yr} (1.22) = 2,903.60$$

Exterior

Anticipated Life: 8 years

$$\frac{10,000A}{8 \text{ years}} \times \$ .65/A = \$812.50/\text{yr} (1.39) = 1,129.40$$

Mechanical Systems

Heat Pump

Anticipated Life: 10 years

$$\frac{\$11,600}{10 \text{ years}}$$

=

$$\frac{\$1,160/\text{yr}}{\text{Inflation Adjustment (1.5)}} = \$1,740/\text{yr}$$

Air Conditioner

Anticipated Life: 10 years

$$\frac{\$37,400}{10 \text{ years}}$$

$$= \$3,740/\text{yr (1.5)} = \$5,610/\text{yr}$$

Plumbing

Faucets/Fittings

$$\frac{(8 \text{ Fittings (8/Fitting)})^*}{2 \text{ years}} = \$32/\text{yr (1.08)} = \$34.60/\text{yr}$$

Pipe

$$\frac{(200\text{LF}) (\$16/\text{LF})}{40 \text{ years}}$$

$$= \$80/\text{yr (2.71)} = \$216.80/\text{yr}$$

Pumps

$$\frac{(\$4,500)}{10 \text{ years}}$$

$$= \$450/\text{yr (1.5)} = \$675/\text{yr}$$

Fire Sprinkler Heads/Equipment

$$\frac{(100) (\$26)}{5 \text{ years}}$$

$$= \$520/\text{yr (1.22)} = \$634/\text{yr}$$

Swimming Pools

Paint

$$\frac{(1775+6825)}{3 \text{ years}}$$

$$= \$2,866/\text{yr (1.13)} = \$3,237/\text{yr}$$

Filtration and chlorination system

$$\frac{\$9,500}{10 \text{ yrs}}$$

$$= \$950/\text{yr (1.5)} = \$1,425/\text{yr}$$

Heating system for Indoor Pool

$$\frac{\$1,250}{10 \text{ yrs}}$$

$$= \$125/\text{yr (1.5)} = \$187.50/\text{yr}$$

Pumps

$$\frac{\$4,500}{10 \text{ yrs}}$$

$$= \$450/\text{yr (1.5)} = \$675/\text{yr}$$

Carpet Replacement

$$\frac{(350 \text{ SY}) (\$12)}{5 \text{ years}}$$

$$= \$840/\text{yr (1.22)} = \$1,024.80/\text{yr}$$

Electrical Systems

Outdoor Fixtures

(75 each) (\$200/each) = \$1,000/yr (1.85)=1,850/yr  
15 years

Indoor Fixtures

(\$2,000) = \$133/yr (1.85)=\$246.05/yr  
15 years

Wiring

(\$1,250) - \$83/yr (1.85)=\$153.55/yr  
15 years

Roads

1,400 Linear Feet of Private Road

(3,000 SY) (\$3.13/SY) = \$939/yr (1.5)=\$1,408.50/yr  
10 years

Miscellaneous Reserves

To cover tennis nets, ballfields, chairs, sports  
equipment, etc. \$4,400

TOTAL RESERVES \$29,464.30

- (18) Contingency is set up as a fund for unusual expenses. It is included as a cushion and cannot be taken as the Sponsors representation as to the size and magnitude of unforeseen circumstances. Neither the Department of Law nor any other government agency has passed upon the adequacy of this item.

EDWIN D. SILVERS, P.E., L.S.  
CONSULTING ENGINEERS  
26 NORTH STREET  
MIDDLETOWN, N. Y. 10940  
SUITE 44

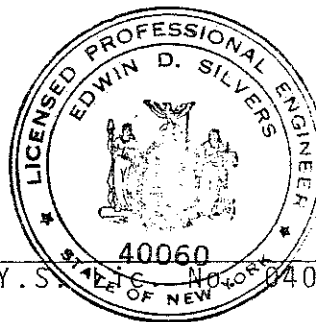
New York State Department of Law  
Real Estate Financing Bureau  
#2 World Trade Center  
New York, New York 10047

Re: V.C.V. Development Corp.  
Vacation Village

Gentlemen,

I have measured the Club House Building and find it  
to contain 30,000 more or less square feet of floor  
area.

The concession and three (3) store areas contain  
5,400 more or less square feet of floor area. This  
is 18% of the total floor area.



EDWIN D. SILVERS, PE

N.Y.S.

STATE OF NEW YORK

40060

40060

9/1/83

ATTACHMENT I

John Connolly  
Diversified Landscaping  
Benton Hollow Rd.  
Woodbourne N.Y. 12788

Vacation Village: Projected Cost

Lawns: 35 acres to be cut, trimmed and maintained:  
Per week 50 hrs.  
Trimming 12 to 15 hrs. @ \$12.00/Hr.

Spring: Lime 1000 lbs.  
Fertilizer:(weed and feed) 650 lbs.  
Seed where needed 250 lbs. \$250.00

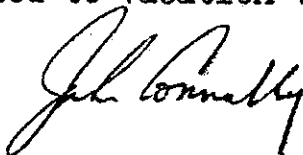
Fall: Lime 500 lbs.  
Leaves picked up 20 hrs.

Shrubs, Trees, and Hedges pruned:  
40 hrs. in spring  
25 hrs. in the fall  
Fertilizer (Spring to feed all trees and plant material )  
5 hrs.

Tree Spraying 20 to 25 hrs. plus materials

Outside pool area: 2 man hrs. 3 times a week  
Remove dirt, papers, etc.  
All of the above \$12.00/hr. plus materials.

Submitted to Vacation Village July 25, 1983.



(914) 482-4646

Bob Berger

## *Clean-Rite Pools*

SERVICING ALL TYPES OF POOLS - FILTER & LINER WORK  
NORTH ROAD / BOX 339 / YOUNGSVILLE, NY 12791

July 27, 1983

M Re: Projected Cost-Vacation Village

Maintenance on Indoor & Outdoor Pools

Page 1 of 3

### Opening Pool Costs:

Outdoor	\$ 250 00
Indoor	100 00

350 00

### Weekly Maintenance

Both Pools-\$100.00/

week for 16 weeks 1,600 00

\*NOTE: It is my understanding that the outdoor pool will be open from June 1, to Sept. 15 (16 weeks)

Indoor Pool only-

\$50.00/week for 12 weeks 600 00

\*NOTE: It is my understanding that the indoor pool will be open only from April 15 to November 15 (28 weeks-16 included in above)

*Robert T. Berger*

ATTACHMENT IV

(914) 482-4646

Bob Berger

*Clean-Rite Pools*

SERVICING ALL TYPES OF POOLS - FILTER & LINER WORK  
NORTH ROAD / BOX 339 / YOUNGSVILLE, NY 12791

\_\_\_\_\_, 19\_\_\_\_

M \_\_\_\_\_

Page 2 of 3

The maintenance included in the weekly maintenance cost will be the following:

- check and adjust chlorine daily
- check and adjust P.H. daily
- check and adjust soda daily
- maintain water level
- vaccum once per week
- assist maintenance man in cleaning filters once a week

The maintenance not included in the above cost which should be done is the following:

*Robert P. Berger*

(914) 482-4646

Bob Berger

## Clean-Rite Pools

SERVICING ALL TYPES OF POOLS - FILTER & LINER WORK  
NORTH ROAD / BOX 339 / YOUNGSVILLE, NY 12791

\_\_\_\_\_, 19\_\_\_\_

M \_\_\_\_\_

Page 3 of 3

Clean tile as necessary-  
Lifeguard should perform

2,200 00

### Chemicals

Outdoor Pool-based on

4 month period . . . 2,230 00

Indoor Pool-based on

7 month period 1,714 00

3,944 00

### Closing Pool Costs:

Outdoor 250 00

Indoor 75 00

325 00

Total Proposed Cost

\$6,819 00

*Robert J. Berger*



# SCHEDULE OF YOUR CURRENT INSURANCE

ATTACHMENT V

A SERVICE OF

HERMAN E. WEALCATCH, INC.

INSURANCE SERVICE

90 JOHN ST. NEW YORK, N. Y. 10038

PHONE (212) 964-5410

VACATION VILLAGE HOMEOWNERS ASSOCIATION

PREPARED c/o Robert Marx, Esq.

FOR 295 Madison Avenue

New York, N.Y. 10017

PROPERTY Site of Old Evans Hotel, Loch Sheldrake, New York.  
LOCATION: (IF DIFFERENT FROM ABOVE)

DATE PREPARED: 5/31/83

COVERAGE	AMOUNT OR LIMITS	TERM IN YEARS	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
THE FOLLOWING COVERAGES SHOULD BE PROVIDED AT THE TOTAL ANNUAL ESTIMATED PREMIUM:							
ALL RISK - Nite Club Building Indoor Pool Bldg.	500,000. 350,000.						
LIABILITY including Broad Form Comprehensive General Liability Personal Injury, etc. covering all common areas and swimming pools	1,000,000.						
UMBRELLA LIABILITY over above limits	4,000,000.						
DIRECTOR'S & OFFICER'S LIABILITY	1,000,000.						
AUTO NON-OWNERSHIP LIABILITY	500,000.						
WORKER'S COMPENSATION	Statutory						
CONTRACTOR'S EQUIPMENT FLOATER	10,000.						
BLANKET FIDELITY BOND	25,000.						
TOTAL ANNUAL ESTIMATED PREMIUM:						\$18,746.00	

ATTACHMENT V

We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you

Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgments are higher and

*HEW*

HERMAN E. WEALCATCH, INC.

*Insurance*

WILLIAM W. WEALCATCH  
HARRY Z. WULLIGER

90 JOHN STREET  
NEW YORK, N. Y. 10038  
TEL.: (212) 964-5410  
(L.I. Office - Mineola, N. Y.)

September 1, 1983

V.C.V. Development Corp.  
c/o Robert Marx, Esq.  
295 Madison Avenue  
New York, N.Y. 10022

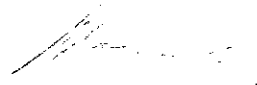
Re: Vacation Village  
Homeowners Association

Gentlemen:

This will supplement our previous correspondence with the insurance costs for the Homeowners Association.

The property insurance referred to therein is based upon the amount of insurance representing the full replacement cost of the structures to be insured.

Very truly yours,  
HERMAN E. WEALCATCH, INC.

  
William W. Wealcatch

WWW/spw

*HEW*

HERMAN E. WEALCATCH, INC.

*Insurance*

WILLIAM W. WEALCATCH  
HARRY Z. WULLIGER

90 JOHN STREET  
NEW YORK, N. Y. 10038  
TEL.: (212) 964-5410  
(L.I. Office - Mineola, N. Y.)

September 2, 1983

V.C.V. Development Corp.  
c/o Robert Marx, Esq.  
295 Madison Avenue  
New York, N.Y. 10017

Re: Vacation Village  
Proposed Insurance Costs

Gentlemen:

This will supplement our proposal of May 31, 1983 wherein we outlined the cost of insurance for The Vacation Village Homeowners Association to be \$18,746.

That portion of the estimated insurance cost for the entire association which is attributable to the club house is \$10,760.

Very truly yours,  
HERMAN E. WEALCATCH, INC.

  
William W. Wealcatch

WWW/spw

# GILBERT SUNSHINE & CO.

Certified Public Accountants

NEW YORK • NEW JERSEY

Member

American Institute of Certified Public Accountants

111 BOWERS STREET  
JERSEY CITY, N. J. 07307  
(201) 659-4556

September 1, 1983

Vacation Village Homeowners Association, Inc.  
Drawer 650  
Loch Sheldrake, New York

Gentlemen:

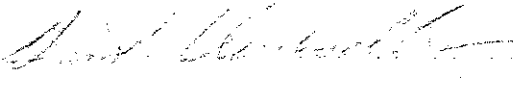
This is to advise that the undersigned will perform all of the accounting services for your Homeowners Association during the first year of its operation.

The undersigned agrees to perform such services for a fee of One Thousand (\$1,000.00) Dollars.

Very truly yours,

GILBERT SUNSHINE & CO.

BY:

  
David Weichselbaum

DW:cm



**TOWN OF FALLSBURG**

**THOMAS FREY**

Assessor

**SOUTH FALLSBURG, N. Y. 12779**

PHONE: 914-434-8812

May 17, 1983

Vacation Village  
Loch Sheldrake, NY 12759

Attn: Nachman Kanovsky

Dear Nachman:

As per your request, please find the following projected tax costs for a typical house in your development and the costs of a membership in a Homeowners Association.

Typical house and lot -	Assessed value	\$5000
	Tax Cost	\$1200

Homeowners Assoc. -	Assessed Value	\$90,000
	Tax Cost	\$21,500

The Homeowners Association includes all excess vacant land not used for residential purposes, plus the pool house, night club, tennis courts and other amenities. With a 200 member association, the total tax burden for Town, County, School and special districts would be \$1300± for your typical house including membership tax cost.

I hope this meets your requirements. If you need any other information, please contact me at any time.

Yours truly,

Thomas Frey  
Assessor

TF:spf

cc: Steve Proyect, Building Inspector

# GILBERT SUNSHINE & CO.

Certified Public Accountants

NEW YORK • NEW JERSEY

Member

American Institute of Certified Public Accountants

111 BOWERS STREET  
JERSEY CITY, N. J. 07307  
(201) 659-4556

September 6, 1983

Vacation Village Homeowners Association, Inc.  
Drawer 650  
Loch Sheldrake, New York

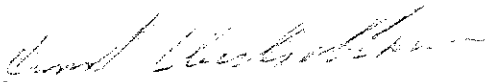
Gentlemen:

Based on the projected budget for the first year of operation of Vacation Village Homeowners Association as set forth in the Offering Plan, we anticipate that your franchise tax will be \$250.00 for the year.

We understand this letter shall be made part of the Offering Plan.

Very truly yours,

GILBERT SUNSHINE & CO.

BY:   
David Weichselbaum

DW:cm

## OPINION OF COUNSEL

The Sponsor has been advised by its counsel, Weidman & Siegel-Baum, that each Homeowner will be entitled under present law to deduct, for Federal and New York State income tax purposes, the real estate taxes assessed against his Home and paid by him, and the amount paid by him on account of interest on any mortgage indebtedness covering such Home. In addition, the Sponsor has been advised that a Homeowner who is a veteran of the United States Armed Forces may be entitled to a Veteran's Exemption covering part of the real estate taxes otherwise assessed against his Home.

It is the opinion of counsel that the Declaration of Covenants and Restrictions when recorded will be legal and valid. No portion of Association charges paid by members of the Association will be deductible by the individual for federal or state income tax purposes. Under present law upon filing the proper documents with the appropriate government agencies, the Association will not be liable for sales or corporate taxes pursuant to state or local law. The Association may, however, be liable for franchise taxes. The Association property and Homes sold in conjunction with the Association, if built in accordance with the plans and specifications, will conform to applicable zoning ordinances and statutes.

Assessments (Common Charges) from Homeowners received by the Homeowners Association will not be taxable to the Association for Federal income tax purposes if the Association elects special tax treatment under Section 528 of the Internal Revenue Code and (a) the Association is organized and operated to provide for acquisition, construction, management, maintenance and care of Association property (the Common Areas); (b) at least 60% of the Association's annual gross income consists solely of membership dues, fees or assessments from homeowners; (c) at least 90% of the Association's annual expenditures are for the acquisition, construction, management, maintenance and care of Association property; (d) substantially all of the Homes are used by individuals as residences; and (e) no part of the net earnings of the Homeowners Association inures to the benefit of any Homeowner or other private individual. Unreported source income, will be taxable to the Homeowners Association. If the Homeowners Association does not elect to be treated under Section 528 or if it does not meet the requirements of Section 528, each Homeowner's proportionate share of all income received by the Board of Directors may be includable by the Homeowner as taxable income for Federal and New York State income tax purposes, or the Homeowners Association itself may be taxed therefor.

The opinion of counsel for the Sponsor with respect to the deductibility for Federal and New York State income tax purposes of any real estate taxes paid by a Homeowner and the amount of interest on any mortgage indebtedness covering his Home paid by him is annexed hereto.

No warranties are made that either the United States Treasury Department or the New York State Department of Taxation and Finance will allow Homeowners the aforementioned deductions for real estate taxes and/or mortgage interest. The Sponsor and its counsel shall in no event be liable if, for any future changes in Federal and New York State Law, it shall be held that the Homeowners are not entitled to such income tax deductions for real estate taxes and/or mortgage interest, or to a Veteran's Exemption as aforesaid.



WEIDMAN & SIEGEL-BAUM  
ATTORNEYS AT LAW  
270 MADISON AVENUE  
SUITE 603  
NEW YORK, NEW YORK 10016

(212) 532-5334

JUDITH E. SIEGEL-BAUM  
CAROLE L. WEIDMAN

COUNSEL'S TAX OPINION

VCV Development Corp.  
c/o Robert Marx  
295 Madison Avenue  
New York, New York 10016

RE: Vacation Village Homeowner's Association, Inc.

Gentlemen:

We are acting as Counsel to VCV Development Corp., in connection with the preparation and processing of Vacation Village Homeowners Association (the "Homeowners Association") and for the sale of the homes therein.

At your request we have reviewed your proposal to create Vacation Village Homeowners Association for the ownership and maintenance of certain "Common Areas" described in the Declaration made by VCV Development Corp., a New York Corporation, having its offices at 295 Madison Avenue, New York, N.Y. 10016. By the terms of the documents described therein a Not-for-Profit Corporation is to be created under Section 402 of the Not-for-Profit Corporation Law as defined in Sub-paragraph (a) (5) of Section 102 of said law in order to provide for maintenance, preservation and architectural control of the Common Areas within the subject site. The Corporation is to be known as Vacation Village Homeowners Association, Inc., and is to be a type "A" corporation under Section 201 of said law.

We have examined the Offering Plan, the Declaration, the By-Laws, all Exhibits, Certificate of Incorporation thereto, and such other documents as we have deemed appropriate. Based upon such examination, we are of the opinion that:

1. The Homeowners Association when created pursuant to the Offering Plan, Declaration, By-Laws, Certificate of Incorporation and other related documents, will be validly formed, and the provisions of the Declaration and By-Laws will be legal and valid and the Homeowners Association will comply with the rule against perpetuities and all other laws regarding the restriction against alienation.

2. Based on the new local law enacted by the Town of Fallsburg, which approves the subdivision plan and map, a copy of which enactment appears at page 30 of the Offering Plan, it appears that the Development, if built in accordance with the plans and specifications, conforms with local zoning laws, ordinances and regulations.

3. Each Homeowner will be entitled under present law to deduct for Federal and New York State income tax purposes the real estate taxes assessed against his Home and paid by him and the amount paid by him on account of interest on any mortgage indebtedness covering such Home. (Rev. Rul. 64-31, 1964-1 C.B. 300). Homeowners will not, however, be entitled to deduct any portion of their Association charges for federal or state income tax purposes.

4. The Association will not be liable for sales or corporate taxes pursuant to state or local law upon the filing of the proper forms with the appropriate authorities. The Association may, however, be responsible for franchise taxes. The franchise taxes should be a nominal sum.

In adding a new Section 528 to the Internal Revenue Code of 1954 (the "Code") the Tax Reform Act of 1976 will afford the Homeowners Association with the opportunity to elect to be treated as a tax exempt organization, as substantially all of the Homes are used for residential purposes. In order to qualify, 60% or more of the Homeowners Association gross income must consist of amounts received as membership dues, fees or assessments from the Homeowners and 90% or more of its expenditures must be for the acquisition, construction, management, maintenance and care of the Homeowners Association properties, which properties as defined in Section 528 of the Code, include the Homes as well as the Common Areas. Based upon our examination of the Offering Plan and subject to the Homeowners Association actually satisfying the minimum percentage income and expenditures criteria set forth above, we are of the opinion that the Homeowners Association will be eligible to elect to be treated as a tax exempt organization under Section 528 of the Code.

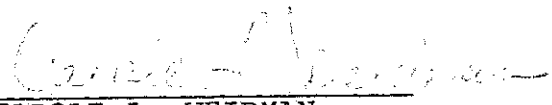
Such an election may entail the filing of income tax returns by the Homeowners Association but will exempt from Federal and New York State Income Taxation all amounts received by the Homeowners Association from the Homeowners as common charges, membership dues, fees and assessments. The Homeowners Association however, will be required to pay tax on any excess of income over expenses from unrelated sources. Examples of unrelated source income include interest earned on reserve and other invested funds, income from concessions and income from dues or fees received from persons other than the Homeowners. In the event the Homeowners Association fails to qualify for and elect Section 528 taxation status for any year, it may, to the extent it has any income from unrelated sources or from accumulated revenues received by virtue of dues, fees, and assessments from Homeowners, be subject to Federal and New York State Income Taxation (see Revenue Ruling 74-99, 1974-1, C.B. 131).

Immediately upon the recording of the Declaration of Covenants and Restrictions in the Sullivan County Clerk's Office, the Common Areas of the Development will become subservient to and have only minimal value separate and apart from the individual homes. Accordingly, it is anticipated that the assessment be an equal proportionate amount for the Common Areas. Should a separate assessment be levied on the Common Areas during their initial years of operation, it is anticipated that such assessment and the resulting tax will be nominal. Under present law, payments made by individual owners for real estate taxes on their own homes, inclusive of that portion of such taxes attributable to a proportionate assessment of the value of the Common Areas, are in our opinion, tax deductible. However, in the event the Common Properties owned by the Association are subjected to separate assessment, the individual Homeowner's portion of the real estate taxes paid thereon by the Homeowner's Association out of its monthly assessments will not be deductible on said Homeowner's individual income tax return.

This opinion is based solely on the facts and documents referred to above. No warranties are made that the tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, the Sponsor's Counsel, the Homeowners Association, counsel to the Homeowners Association, the selling agent or any other person be liable if by reason of future changes in fact or applicable law, regulation, decisional law or Internal Revenue Service rulings the tax status should cease to meet the requirement contained in the Opinion. This letter should serve as an opinion, not a guarantee of outcome.

It is our understanding that this letter will be made part of the Offering Plan of Vacation Village Homeowners Association, Inc.

WEIDMAN & SIEGEL-BAUM

  
CAROLE L. WEIDMAN

## DESCRIPTION OF COMMON AREAS AND FACILITIES

A complete description of the Common Areas and facilities is contained in the Engineer's Report attached in Part II as Exhibit G. The following remarks are highlights of said report. All references hereto are to pages in the Engineer's Report.

The property is located in the foothills of the Catskill Mountains in the approximate center of the Town of Fallsburg. Fallsburg is one of fifteen townships in the County of Sullivan. This township is one of the three active resort townships in the county; the others being the Town of Liberty and the Town of Thompson. These other two townships are immediately adjacent to the Town of Fallsburg. The property is approximately 100 miles northwest of New York City. The entire site is located within the hamlet district of Loch Sheldrake, a community of the Town of Fallsburg. (p. 110)

Vacation Village Homeowners Association, assuming Phase I and Phase II are completed, will consist of a maximum of 220 homes. If Phase II is abandoned the Association will consist of a maximum of 58 Homes. For a further discussion see "Phases of Construction" p. 3 of the Offering Plan. The entire property the Sponsor will convey to the Association will aggregate approximately 139 acres, unless the Sponsor elects not to include Phase II, in which event they will aggregate approximately 84.5 acres.

The main streets serving the Development are dedicated as public streets. The roads will be built to local government specifications capable of being dedicated to the locality and conveyed, by December 1, 1983. During the period, if any, between the closing on the first Home and the dedication of the roads as public streets the Sponsor shall maintain and care for said roads. All of the parking areas will be owned and maintained by the Association (p. 111). The Association will provide all lawn maintenance. The Sponsor will provide the Common Area lawn areas with a good grade of seed blend. No representation is made that the Sponsor will otherwise provide any landscaping on the Properties.

There is a 1400' road in Phase II which will be serviced by the Association. The Association will be responsible for removal of snow and general maintenance of this road. Snow removal on all other main streets will be handled by the Town.

The Association will be responsible for its own refuse pick-up. The costs of such refuse pick-up are discussed at length in the Engineers Report (p. 118) and the projected Schedule of Receipts and Expenses for the First Year of Operation (p. 6). Water will be provided by the Loch Sheldrake Water Districts, Town of Fallsburg and the properties will be served by the Loch Sheldrake Sewer District, a division of the Town of Fallsburg Governmental Administration (p. 115 ).

Underground electric will be furnished by New York State Gas and Electric and underground telephone services by New York Telephone Co. All services provided to each Home will be assessed and/or billed individually. The project will be serviced by the Town of Fallsburg Fire Department. The Homes shall be a combination of attached, semi-detached and detached two, three and four bedroom, one and two story frame homes built in conformance with the State Building Construction Code, the Construction Code, Zoning Ordinances and Subdivision Regulations of the Town of Fallsburg as same may be applicable and approved by the Town of Fallsburg.

VACATION VILLAGE  
HOMEOWNERS ASSOCIATION, INC.

General

Vacation Village Homeowners Association, Inc., was incorporated under the Not-For-Profit Corporation Law of the State of New York on July 26, 1983. The purpose of the corporation is to own, operate, manage and control the Common Areas which the Sponsor will convey to it by Bargain and Sale Deed with Covenants Against Grantor's Acts. The administration of the Association will be in accordance with its Certificate of Incorporation, the Declaration of Covenants and Restrictions and By-Laws. Membership in the Association is mandatory for Homeowners.

Declaration And By-Laws

The Sponsor will record and file the Declaration of Covenants and Restrictions prior to closing title to any Home. The By-Laws, annexed as Exhibit B to this Offering Plan, will be recorded as part of the Declaration. For a further discussion of the Declaration see the Section herein "Declaration of Covenants and Restrictions" (pg. 22).

Completion of Common Areas

The Sponsor will complete construction and/or refurbishing of all streets, sidewalks and parking facilities serving a Home and any other facilities vital to the health and safety of the owners prior to closing title to the first Home. Title to those portions of the Common Areas of a Phase will be conveyed to the Association by the Sponsor before it conveys title to the first Home situated within such Phase. The Sponsor will also convey all of the recreation facilities, other than the Clubhouse, to the Association prior to the first closing of the first Home. The Sponsor will convey the Clubhouse within three (3) years of the filing of the Declaration. The Sponsor does not warrant, however, that certain Common Areas which are not vital to health and safety of the owners including but not limited to the Clubhouse will be conveyed or ready for use at the closing of title of the first Home. Sponsor will use due diligence to complete such Common Areas within a reasonable period of time. The Sponsor will transfer all Common Areas within 3 years of conveying title to the first Home. The Sponsor will be responsible for the operation and maintenance of the Common Areas, at its sole cost and expense until their conveyance to the Association. The Sponsor's obligation to complete the construction of the Common Areas will survive their conveyance to the Association. As the Sponsor is not posting a completion bond, its ability to complete the improvements to the Common Areas will depend solely on its financial resources during the period of construction.

Board of Directors

Any member over the age of 18 of the Homeowners Association is eligible to serve on the Board of Directors so long as they are a member in good standing i.e., not in default of their obligations under the By-Laws and Declaration. This shall also apply to a lessee or occupant entitled to the use of the Common

Areas in lieu of the member renting or permitting him to occupy the Home in which he resides.

The By-Laws require three Directors until the first annual meeting of the Association at which time the size of the Board will be increased to five. At the first annual meeting, which will be held within 6 months of the first closing, and at each subsequent annual meeting, the members will elect five directors to serve for a term of one year. Cumulative voting will be employed in such elections and each member will be entitled to as many votes as shall equal the number of directors to be elected which he may cast for a single director or distribute among two or more directors as he sees fit.

The names and business addresses of the existing initial Board of Directors of the Association are:

Nachman Kanovsky  
819 Kings Highway  
Brooklyn, N.Y. 11223

President

Stanley Spitzer  
3 Westchester Place  
Elmsford, N.Y. 10523

Vice President

Naomi Kanovsky  
819 Kings Highway  
Brooklyn, N.Y. 11223

Secretary/Treasurer

Nachman Kanovsky and Stanley Spitzer are principals of the Sponsor. Naomi Kanovsky is married to Nachman Kanovsky.

Notwithstanding the foregoing, the Sponsor will have the right to designate three directors at the first annual meeting, two directors at the second annual meeting and one director for so long as it owns at least one Home within the Development. The

The Sponsor will not maintain control of the Association after the earlier of three (3) years from the filing of the Declaration or after transferring title to 111 Homes (or 30 Homes if the Sponsor surrenders its right to include the 162 Homes it is entitled to build on Phase II).

Directors may be removed for cause by an affirmative vote of a majority of the Members. No Director may be removed for cause, however, if the votes cast against his removal would be sufficient to elect him cumulatively at an election at which the same total number of votes were cast and the entire Board were then being elected. No Director, other than a designee of the Sponsor, shall continue to serve on the Board if, during his term of office, he shall cease to be either a Member, or a lessee or occupant entitled to the use of the Common Areas in lieu of the Member renting or permitting him to occupy the Home in which he resides.

#### Membership

The Declaration provides that each Homeowner will automatically become a Class A member of the Association, entitled to cast one vote for each Home owned. The Sponsor, which will be the sole Class B member, will also be entitled to cast one vote for each unsold Home. On the sooner of the third anniversary date of the filing of the Declaration or the sale of 111 of the Homes (or 30 Homes if it irrevocably surrenders its right to include the 162 Homes it is entitled to build on Phase II) the Sponsor's Class B membership will cease and be automatically converted to a Class A membership. Prior to such conversion of the Sponsor's Class B membership, the annual assessment may be increased by an amount greater than that provided for in Article VI, Section 3, of the Declaration, or a special assessment levied for a capital improvement only with assent of two-thirds of the votes of each class of Membership voting in person or by proxy at a meeting duly called for such purpose. Class B members may not vote to elect directors.

#### Voting Procedures

So many members, as shall represent at least 51% of the total authorized votes of each class of membership present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the Association for the transaction of business except as otherwise provided by statute by the Declaration, by the Certificate of Incorporation or the By-Laws.



When a quorum is present at any meeting, the vote of a majority of the Members present in person or represented by written proxy shall decide any question brought before such meeting. Any such vote shall be binding upon all Members, unless the question is one upon which, by express provision of the Statute, Declaration, Certificate of Incorporation or of the By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question. Members shall be entitled to vote either in person or by proxy at any meeting of the Association. Any such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Except as otherwise specifically provided, the By-Laws may be altered, amended or added to at any duly called meeting of Association Members, provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by vote of eighty percent (80%) of a quorum of Members present in person or proxy; and (3) that any matter stated to be or which is in fact governed by the Declaration applicable to The Properties may not be amended except as provided in said Declaration. No amendment, however, shall affect or impair the validity or priority of the Members' interests and the interests of holders of a mortgage encumbering a Member's Home. All amendments shall be recorded in the Sullivan County Clerk's Office but failure to record any such amendment shall not affect its validity, or enforceability as to any Member or mortgagee, provided such Member or mortgagee received proper notice of the meeting containing a full statement of the proposed amendment.

#### Assessments

In addition to Annual Assessments and Special Assessments, the Association may levy, monthly, a Special Assessment on any Home whose Homeowner elects, by written notice to the Association at least ten (10) days before the beginning of any calendar month, to have the Association maintain, on an annual basis, the Homeowners landscaping located on the land surrounding the Home and being a part thereof. Such Special Assessment shall be in the amount such landscaping services are charged to the Association attributed to such Home and shall be paid in full monthly. In the event a Homeowner fails to timely pay the monthly individual Special Assessment, the Association shall have the right, but shall not be required, to discontinue providing such services. In

addition to the Annual Assessments authorized by Article V of the By-Laws, the Association may levy, a special assessment (which must be fixed at a uniform rate for all Homes) applicable to a particular year only, in an amount no higher than the maximum annual assessment then permitted to be levied, for the purpose of defraying, in whole or in part, the cost of any construction, unexpected repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto. Any such assessment must have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members. The due date of any specified assessment shall be fixed in the Resolution authorizing such assessment.

#### Failure to Pay Assessments

Every Homeowner is obligated to pay to the Association all Annual Assessments or charges, and Special Assessments imposed by the Board of Directors. Association anticipates levying its initial Assessments on October 1, 1983. The initial assessment shall be pro-rated based upon when the Purchaser closes title to his Home. These assessments are charges upon the land and continuing liens on the property against which such assessment is made. This lien shall be subordinate to any first mortgage. They are also a personal obligation of the person who is the owner of such property at the time when the assessment becomes due and payable. Claims of the Association against defaulting Homeowners may be enforced by legal action brought by the Association. If such action is necessary against a delinquent member, the delinquent member will be assessed the attorneys fee for collecting such unpaid charges. The Board may charge the delinquent member a fee of not more than twenty dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate may also be collected by the Board on the assessment from its due date to the date payment is actually received. The Association may suspend a member's rights to use Common Areas for failure to pay assessments but in no event will a member be prohibited from ingress or egress to his Home. Likewise, in no event may voting rights be suspended for non-payment of assessments.

The Sponsor cannot and does not represent or guarantee that any Homeowner of the Association will in fact meet their respective obligations, and the Sponsor shall not be liable for any failure to meet such obligations. The Sponsor shall, however, pay such assessments for Homes owned by the Sponsor so long as the Sponsor continues to hold title to such Homes. The Sponsor's obligation for assessments on unsold Homes will be limited to the difference between the actual expenses incurred in operating the Development and the proportionate assessments levied on owners who have closed title to their Homes.

#### Working Capital Fund

Each purchaser will be required to pay a one time \$100 contribution to the working capital fund of the Association. The Sponsor will be required to pay a one time \$100 contribution to the working capital fund for each of the 20 Homes it intends to retain when and if it takes title to said Homes. While the Sponsor is in control of the Board of Directors, the working capital fund may not be used to reduce projected Association charges. The amount allocated to the working capital and reserve fund appear sufficient to cover foreseeable capital expenditures. Neither the Department of Law nor any other governmental agency has passed upon the adequacy of the fund.

#### Rights of Members And Sponsor

In addition to maintaining the Common Areas, the Association is responsible to cut the grass on each lot. In the case of those Homes having planted landscaped areas within the lot, the landscaped areas shall not be maintained by the Association, (see "Assessments" page 17A.).

Every Homeowner shall have the right to the use and enjoyment of the Common Areas when conveyed to the Association and such right is appurtenant to and shall pass with the title to every Home. This right shall inure to all successive owners, legal representatives and heirs. While a Homeowner's right to use the Common Areas may be suspended for any period during which any assessment against his Home remains unpaid, and for a period not to exceed thirty days for any infraction of the Association's published rules and regulations, in no event will any such suspension preclude the Homeowner's ingress or egress from his Home.

The right to use and enjoy the aforementioned Association facilities will expire on December 31, 2010, after which there will be an automatic extension for successive ten year periods, unless two-thirds of the then owners of the Homes agree to terminate or modify said covenants and restrictions in whole or in part. Sponsor does not believe but cannot warrant that the commonly held properties can be the subject of a successful action for partition.

The Sponsor will retain an easement for ingress and egress for so long as it owns any part of the land comprising the Development, and during the period Sponsor will be constructing and marketing Homes and completing the Common Areas.

Sponsor may retain voting control of the Board of Directors until the earliest of three (3) years after the filing of the Declaration or after 111 of the Homes have been closed (or 30 Homes have been closed in the event the Sponsor irrevocably surrenders its right to include the 162 Homes in Phase II). The Sponsor, however, may not use his control of the Board to reduce

the level of services described in the Offering Plan or prevent capital repairs, or prevent expenditures required to comply with applicable laws or regulations.

While Sponsor is in control of the Board of Directors, no mortgage liens will be placed on the Association property without the consent of at least 51% of the Homeowners, excluding the Sponsor or Sponsor's nominees. Sponsor will also provide certified financial statements each year to members during the period he is in control of the Board.

After the first closing to a Home and when the Association's charges has been levied on one or more Homeowners the Sponsor's obligation for Association charges shall be the difference between the actual Association expenses including reserves applicable to completed improvements as provided for in the budget and the Association charges levied on owners who have closed title to their Homes.

As long as the Sponsor has unsold Homes which are offered for sale pursuant to the Offering Plan, Sponsor shall amend the plan whenever there is a substantial change in the budget or when one year has passed since the last budget was updated and include the prior year's certified financial statements where such are provided to the Homeowners pursuant to the terms of the offering plan.

#### Insurance Coverage

Articles XII and XIII of the By-Laws require the Board of Directors to obtain and maintain, to the extent obtainable and to the extent the Board deems advisable: (1) fire insurance, with extended coverage, vandalism and malicious mischief endorsements insuring all buildings on The Properties, excluding the Homes and all of the personal property owned by the Association, covering the interests of the Association, and all Homeowners and their mortgagees as their interests may appear in an amount equal to 100% of the full replacement value of such building without deduction for depreciation; (2) bodily injury and property damages

liability insurance insuring the Association, the Board of Directors and each Homeowner with respect to liability arising from membership in the Association or from performing the ownership, maintenance and repair responsibilities of the Association; and (3) workmen's compensation insurance.

The Board of Directors will review the insurance coverage on an annual basis and, to prevent any co-insurance problems, will obtain an appraisal every two years from a qualified appraiser for the purposes of determining the replacement cost of the real property being insured.

All policies of physical damage insurance will contain waivers of subrogation and of any defense based on co-insurance or of invalidity arising from any acts of the insured or of pro-rata reduction of liability, and will provide that such policies may not be cancelled or substantially modified without 30 days prior written notice to all of the insureds, including all mortgagees of the building. The public liability insurance will contain waivers of subrogation and of any defense based on any act or neglect of a Homeowner or failure of a Homeowner to comply with any warranty or condition, when such act or neglect or failure to comply is not within the control of the Association. The public liability insurance will also cover cross-liability claims of one insured against another.

Except as previously specified, the cost of all such insurance will be paid for by the Board of Directors as an expense of the Association. The amount of fire insurance to be initially maintained on the buildings will be \$850,000. Public liability insurance will be initially maintained in the amount of \$1,000,000. While a duly constituted Board of Directors may change the amounts of coverage in force in accordance with the provisions of the By-Laws, such coverage will not be reduced while the Sponsor is in control of the Board, except on a pro rata basis in the event the Sponsor elects to build fewer than 220 homes.

The insurance provided by the Homeowners Association shall cover only the Common Areas. It will not cover any individual Homes or lots. It is suggested that individual Homeowners obtain liability and fire insurance covering their own Homes and the lots on which their Homes are situated. Premiums for insurance taken by individual Homeowners will be payable by the individual owner. Homeowners will be permitted to carry insurance for their own benefit at their own expense, provided that such policies contain waivers of subrogation and so long as the liability of the insurance covering the Common Areas shall not be affected or diminished by reason of any other Homeowner's insurance.

Except as hereinafter provided, in the event of a casualty loss, the Board of Directors shall arrange for the repair and restoration of the buildings. If the insurance proceeds are not sufficient for the repair or restoration, the Board of Directors may levy a special assessment against each of the Homeowners to cover any deficiency. If a substantially total destruction of all of the improvements on the Properties occurs and seventy-five (75%) or more of the Homeowners elect not to proceed with repair or restoration, the net proceeds of the insurance policies will be disbursed and distributed to the Homeowners in accordance with the diminution in the fair market value of their respective Homes resulting from such destruction, which, unless otherwise agreed, will be determined by arbitration. Any balance thereafter will be disbursed and distributed in equal portions among the Homeowners, provided, however, that no payment will be made to a Homeowner until there has first been paid out of his share of such funds, all liens on his Home, in the order of the priority of such liens.

#### Sale or Lease of Home

Each Homeowner may sell or lease his Home provided he first gives the Board of Directors of the Association notice of his intention to sell or lease such Home at the same price or rental and on the same terms as were offered in good faith by a prospective purchaser or lessee as more specifically provided for in the By-Laws. If the Board of Directors does not elect to purchase or lease a Home within thirty (30) days after receipt of the offering Homeowner's notice, such Homeowner will have an additional ninety (90) days to enter into a written agreement with the prospective purchaser or lessee, as the case may be, embodying the terms set forth in said notice. In the event that such written agreement is not executed by the Homeowner within such ninety (90) day period or such sale or lease is not consummated within thirty (30) days following the expiration of said ninety (90) day period, the Homeowner will be required to again first offer same to the Association. The Board of Directors may not exercise its option to purchase or lease a Home without prior

approval of a majority in interest of Homeowners present or by proxy and voting at a meeting at which a quorum of Homeowners is present. For a full discussion see "By-Laws - Article XV - pg. 90".

The Association's right of first refusal shall not impair the rights of a first mortgagee to:

- a. Foreclose or take title to a PUD unit pursuant to the remedies provided in the mortgage, or
- b. Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or
- c. Sell or lease a unit acquired by the mortgagee.

#### Leases

Any lease shall be in the standard form then recommended by the Apartment Council of the Home Builders Association of Central New York, Inc. for apartments, except for such changes therein as are provided in the By-Laws. A Homeowner may lease, sell or convey his Home to a specific delineation of entities such as a spouse, adult child, parent, parent-in-law or adult sibling, or may convey his Home by gift, or may devise his Home by will, or have it pass by intestacy the specific delineation of entities noted above, without complying with the foregoing restrictions, provided, however, that such succeeding Homeowner shall be bound by, and the Home shall be subject to, the preceding restrictions. In addition, any Homeowner may lease, sell or convey to a related or controlled entity as more particularly set forth in Article XV of the By-Laws. The interests of tenants may not be consistent with the interests of Homeowners.

Notwithstanding the foregoing, title to a Home may not be conveyed unless all unpaid assessments and liens against such Home (other than permitted mortgagees) are paid and satisfied at or prior to closing.

The restrictions upon the sale or lease of a Home shall not apply to (i) Sponsor or its designee with respect to any unsold Home or (ii) to Homes acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure; they shall be free to sell or lease without first offering to sell or lease to the Association.

DECLARATION OF COVENANTS AND  
RESTRICTIONS

Prior to the closing of title to any Home the Sponsor will record the Declaration of Covenants and Restrictions (the "Declaration") annexed as Exhibit A to this Offering Plan in the Sullivan County Clerk's office.

There presently exists a first mortgage on the Properties held by Louis Mintz and Ruth Popkin dated April 20, 1983 in the amount of \$350,000 (hereinafter the "First Mortgage"). Each individual Homeowner shall receive title to his Home free and clear of all mortgages, liens and encumbrances including the First Mortgage. The Sponsor shall either satisfy the mortgage on the Common Areas prior to its conveyance or bond the mortgage. In the event the mortgage is bonded, the bond will guarantee that the Sponsor will perform its obligations under the terms of the mortgage including but not limited to paying the outstanding indebtedness. These obligations shall survive the closing of title to the Common Areas. The First Mortgage is not subordinate to the Declaration of covenants and restrictions. Any other land or construction loan mortgage on any of the Association property will be subordinate to the Declaration. See "Mortgage Indebtedness" page 31, for a full discussion of the First Mortgage.

The Declaration will expire on December 31, 2010. After this time the covenants and restrictions should be automatically extended for successive periods of ten (10) years unless an instrument signed by eighty percent (80%) of the Homeowners has been recorded agreeing to change said covenant and restrictions in whole or in part. Any change shall not be effective unless made and recorded three (3) years in advance of the effective date. Each owner must be sent a copy of the proposed agreement.

The Declaration authorizes the Sponsor to construct no more than 220 Homes (see "By-Laws" at page 69) on the subject property and to develop a portion of the site as a Common Area for the recreation and aesthetic benefit of the residents. The Declaration sets forth the specifics of the Homeowners Association which the Sponsor is required to create. Membership in the Association is mandatory for Homeowners. The minimum number of Homes that will be part of the Association is 58. Of the 220 maximum number, the Sponsor has the option of retaining 20 Homes and may convert them to rental units. The Sponsor must, within three (3) years of the filing of the Declaration either complete Phase II of the project, abandon Phase II or reduce the number of Homes to be constructed in Phase II.

The Declaration will subject both Phase I and Phase II to its provisions, but it will provide that Phase II will be



automatically released from its provisions if the Sponsor irrevocably surrenders its right to include the 162 Homes planned for construction on Phase II in the Development (See "Phases of Construction" at Page 4). In the event Phase II is not included as a part of the Development, owners of Homes constructed in this Phase, if any, will not be entitled to make use of the Common Areas; nor will they be liable for Association assessments. Association assessments will then be divided equally among 58 rather than 220 Homes with the Sponsor's obligation again limited to a contribution to cover any deficiency which might arise. The Sponsor further covenants not to charge an annual maintenance fee for the first year in excess of \$660 per Home; for the second year \$726 per Home; and for the third year \$798 per Home. There is no guarantee, however, that actual expenses will not exceed this amount. In the event expenses are greater than the guaranteed maintenance the Sponsor will pay the deficiency during the first three (3) years of operation. As a result, maintenance may increase substantially after the third year of operation.

Should the Sponsor include Phase II in the Development, as it presently plans to do, it may, depending upon its final mix of model home types, build fewer than 220 Homes on said parcels. In this event, the Association assessments will be equally divided among less than 220 Homes. The Sponsor is obligated to finalize its determination of how many Homes it will build and to decide whether or not to include Phase II in the Development within three (3) years of the recording of the Declaration. Additions to the Properties require the assent of two thirds of the Homeowners (Class A Members and Class B Members, if any).

The Sponsor further reserves the right to retain 20 Homes for purposes of developing two family rental units per Home. Purchasers should be aware that when purchasing their Home they will have no knowledge of who will be permitted to lease the rental units. Furthermore, the Association will have no control over who rents the premises. The lessees of the rental units, however, must comply with the Association By-Laws and Declaration to the extent applicable.

Any right of first refusal of the Association to purchase a Home being offered for resale shall not impair the rights of a first mortgagee to:

- a. Foreclose or take title to a PUD unit pursuant to the remedies provided in the mortgage, or
- b. Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or
- c. Sell or lease a unit acquired by the mortgagee.

The Association is permitted to create an architectural control Board under the Declaration. Exterior additions or changes or alterations may not be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations have been submitted and approved by the Board of Directors or architectural committee. The Board or committee will review the plans for harmony of external design and location in relation to existing structures and topography.

Homeowners may not plant or install any trees, bushes, shrubs or other planting on his parcel without the consent of the Board of Directors or the Architectural Committee. Homeowners may not paint any of the exterior of their Home any color other than that originally applied by the Sponsor without prior consent of the Board of Directors or Architectural Committee. Written consent is also required prior to displaying or hanging awnings, canopies or anything outside the Homes.

Occupancy of the Homes is restricted to "One Family Occupancy". This is defined as occupancy by one family. Family is defined as any number of individuals living together on the premises as a single housekeeping unit and may include but is not limited to spouse, companions, children and housekeepers. The rental units which the Sponsor may construct shall be permitted to have "Two Family Occupancy" and is not subject to the "One Family Occupancy" rule.

The Declaration does not require Members to maintain fire or other insurance on their Homes. It is advisable, however, for members to carry their individual insurance inasmuch as the Association is not responsible for personal loss of property or injury occurring on the individual Homes or lots. Furthermore, the Declaration obligates owners using party walls or party fences which are destroyed or damaged by fire or other casualty, to the extent the cost of restoration is not covered by Association insurance, to contribute to the cost of restoration.

No one is permitted to store any boat, trailer, camping vehicle, unregistered motor vehicle, farm equipment or heavy truck other than pick-up trucks on the common areas or in the driveway of his Home.

The Association shall not be permitted to operate any commercial enterprises or businesses except those specifically declared in the Declaration.

## OBLIGATIONS OF SPONSOR

The Sponsor will convey all Homes free and clear of any and all liens, encumbrances and mortgages. Prior to the conveyance of title to any Home, the Sponsor will arrange for the Home to be released from the provisions of any mortgage or construction loan mortgage and liens encumbering the Home. The Common Areas will either be delivered free and clear of all encumbrances or subject to a First Mortgage which the Sponsor will remain obligated to satisfy. This obligation shall survive the conveyance of title to the Association. The Sponsor shall also be obligated to bond the mortgage in the event it does not satisfy the mortgage indebtedness prior to conveyance of the Common Areas. For a further discussion herein see "Declaration of Covenants and Restrictions" page 22, and Mortgage Indebtedness page 31.

The Sponsor will complete the construction of all streets, roadways, driveways, parking facilities and walkways directly serving a Home before conveying title to the Home subject to the foregoing limitation (see page 3). Title to those portions of the Common Areas of a Phase will be conveyed to the Association by the Sponsor before it conveys title to the first Home situated within such Phase. The Sponsor will also substantially complete and convey all recreation facilities other than the Clubhouse prior to closing title to the first Home.

The Sponsor's obligation to complete the construction of the Common Areas will survive their conveyance to the Association. As the Sponsor is not posting a completion bond, its ability to complete the improvements to the Common Areas will depend solely on its financial resources during the period of construction. A full discussion of the construction Phases I and Phase II and the Sponsor's obligation thereto is discussed in the heading of this offering plan entitled "Phases of Construction" at page 3.

The Sponsor is obligated to construct or improve the following:

- (1) Roads, streets, street lights, parking areas and walkways
- (2) Indoor pool
- (3) outdoor pool
- (4) 5 Tennis courts
- (5) 1 Basketball court
- (6) 1 Volleyball court
- (7) 5 Handball courts
- (8) Clubhouse

In the event the Sponsor chooses to build the rental units previously discussed herein at page 3, the Sponsor is obligated to build 2 additional tennis courts.

The Sponsor anticipates all Common Areas other than the Clubhouse to be substantially complete prior to the closing of the

first Home. The Sponsor intends to fully complete the Clubhouse by July 1, 1984, however does not warrant this date. The Sponsor is obligated to complete and convey all of the Common Areas no later than three (3) years from the filing of the Declaration. The Sponsor must determine within three (3) years of the dating of the recording of the Declaration, whether to construct Phase II, reduce the number of Homes it plans to construct in Phase II or abandon Phase II. In the event Phase II is abandoned, certain portions of the Common Areas will not be part of the Association. Those areas would include certain roads, streets, street lights, parking areas and walkways. All of the recreation facilities, including the Clubhouse, are included in Phase I.

The Sponsor will be responsible for the operation and maintenance of the Common Areas, at its sole cost and expense, until their conveyance to the Association. While the Association's annual assessment will be divided equally among the 220 Homes on Phases I and II, the Sponsor's obligation for such assessments on unsold Homes will be limited to the difference between the actual operating costs of the Association and the assessments levied on owners who have closed title to their Homes. At the time of the transfer of title of the final portion of the Common Areas by the Sponsor to the Association, the Sponsor will furnish the Association with a fee title policy covering the lands and facilities comprising the Common Areas. This fee policy of title insurance will be issued by a reputable Title Insurance Company licensed to do business in the State of New York and shall be in the amount of \$1,695,000.00 on Phase I and \$76,200.00 on Phase II. Any proceeds of such title policy arising out of a claim of defective title, pertaining to land and facilities being conveyed to the Association, will be held for the benefit of and delivered to the Association.

The Sponsor, as a New York corporation, could dissolve or liquidate at anytime it so desired. No bond or other security has been furnished to secure the performance of the Sponsor's obligations as set forth herein. The ability of the Sponsor to perform its obligations will depend upon its financial condition at the time it is called upon to perform. No representations can be made that it will be financially able to perform any or all of such obligations.

Financing for the development of the project has been firmly committed by the UMB Bank and Trust Company, 630 Fifth Ave., New York, New York in the amount of \$800,000. This loan has been taken by the Sponsor and personal guarantees have been given by the principals of the Sponsor. The loan does not constitute a mortgage, lien or encumbrance on any of the Association properties. The Homeowners Association properties have not been used to secure this loan. Moses Krausz, a principal in this project, is the President of the UMB Bank and Trust Company (see page 33, "Identity of Parties").

The Sponsor will deliver to the Board of Directors, for the benefit of the Board and of all Homeowners, at the time of the conveyance of title to the first Home, an affidavit obligating

the Sponsor as follows:

1. The Sponsor will, at its sole cost and expense perform or cause to be performed the Sponsor's Work and pay or cause to be paid all contractors, subcontractors and materialmen, and all others for work performed and fixtures, material and equipment supplied to or installed in the property by or on behalf of the Sponsor in connection with the performance and completion of the Sponsor's Work.
2. The Sponsor will cause any and all mechanic's liens arising out of the Sponsor's work to be discharged by bonding or otherwise promptly after the filing thereof.
3. The Sponsor will pay all expenses incurred by the Sponsor in connection with the creation and initial conveyance of title to the Homes and Common Areas except as otherwise expressly set forth herein.
4. The Sponsor will provide title insurance for the Common Areas in the amount of \$1,695,000.00 on Phase I and \$76,200.00 on Phase II from a reputable Title Insurance Company authorized to do business in the State of New York.
5. The Sponsor shall pay Common Charges, taxes and other expenses allocable to any lots and/or Homes it owns so long as it continues to own them.
6. The Sponsor will transfer voting control of the Board of Directors to the Homeowners three (3) years from the date of the filing of the Declaration or upon conveyance of title to 111 of the Homes (or 30 Homes if the Sponsor surrenders its right to build Phase II), whichever shall first occur. At the time that the Sponsor transfers control of the Board of Directors to the Homeowners, the Homeowners Association will have sufficient assets to meet its liabilities. Said assets shall include the then remaining balance of the working capital fund.
7. The Sponsor will, at its sole cost and expense, and until the recording of the Declaration, maintain the Common Areas in substantially the same condition as described in Exhibit G, reasonable wear and tear excepted, save those areas which are being improved.
8. The Sponsor will build and complete the Association properties in accordance with the building plans and specifications in the Offering Plan, exhibits and back-ups submitted to the New York State Department of Law. The Sponsor reserves the right, however, to substitute equipment or materials and make modifications of design, provided however, that Sponsor may not substitute equipment or materials of lesser quality or design.
9. Sponsor will be obligated for a period of one year from the first closing of each home to correct defects in workmanship or equipment not covered by an existing manufacturers warranty that

exceeds \$250 in cost for repair. Notwithstanding the foregoing, Sponsor will be obligated to correct all defects in workmanship or equipment not covered by an existing manufacturers warranty for a period of 30 days from the closing date of the particular Home. Purchasers shall submit a request for repair to the Board of Directors who shall notify the Sponsor. Sponsor shall be entitled to make an inspection of the claimed defect.

Notwithstanding the above obligation of Sponsor to correct defects in the construction of the Homes, Sponsor assumes no responsibility and shall not be liable after the closing of title to a Home to repair or replace any of the following that occur in the Homes:

- (a) Doors sticking due to weather
- (b) Door warpage less than 1/4 inch
- (c) Shrinkage and settlement

On or before the closing of title to each Home, the Sponsor will cure all violations affecting such Home including violations, if any, which exist as of the date of this Plan or arise subsequent to the date of this Plan and prior to the closing of title to such Home.

10. Sponsor shall submit to the County Clerk's Office a Site Plan showing the layout, location and approximate dimensions of the Homes and Common Areas with a verified statement of a registered architect or licensed professional engineer certifying that it is an accurate copy.

11. The number of Directors which shall constitute the whole Board shall not be less than three, and not more than five. An initial Board consisting of three Directors shall be designated by the Sponsor to serve until the first annual meeting of the Association. Serving on the initial Board shall be Nachman Kanovsky, Naomi Kanovsky and Stanley Spitzer all of whom are principals or related to principals of the Sponsor. At the first annual meeting and at all subsequent meetings the Members shall vote for and elect five directors to serve for one year terms and until their successors have been duly elected and qualified. Notwithstanding the foregoing, the Sponsor shall have the right to designate three Directors until the first anniversary date of the filing of the Declaration, two Directors until the second anniversary date of the filing of the Declaration and one director so long as it owns at least one Home. All Directors, other than those the Sponsor shall have the right to designate, must be either Class A Members of the Association, or lessees or occupants entitled to the use of the Common Properties in lieu of the Class A Member renting or permitting them to occupy the Home in which they reside. As required by law, each Director shall be at least eighteen years of age.

12. The Sponsor shall convey title to all of the Common Areas within three (3) years from the filing of the Declaration. The Sponsor shall convey all the recreation facilities other than the Clubhouse prior to closing title to the first Home.

13. The Sponsor will file the Declaration prior to closing title to the first Home.

14. The Sponsor will defend any suits or proceedings arising out of Sponsor's acts or omissions and will indemnify the Board of Directors for same.

15. The Sponsor will deliver a set of "as-built" plans of common property improvements to the Board of Directors, including specifications of roads, sewers and/or water lines and a representation that the plans or specifications are in substantial compliance with the terms of the offering plan. If, for any reason, the plans or specifications, as built, are not in substantial compliance with the terms of the Offering Plan, the Plan will be amended and rescission will be offered to all purchasers and members.

16. Sponsor will either convey all Common Areas free and clear of all mortgages, liens or encumbrances or remain obligated to satisfy any mortgage on the Properties. Such obligation shall survive the conveyance of the Properties. In the event the mortgage is not satisfied prior to conveyance, the Sponsor will obtain a bond \$5,000.00 in excess of the amount of the principal outstanding indebtedness to assure the Sponsor's performance.

17. Sponsor will amend the Offering Plan prior to conveyance of the common property to the Association to include a certification by a New York licensed engineer or architect stating that the roads, and/or sewers, and/or water lines have been constructed in accordance with local government specification and indicating the date of completion.

Sponsor retains a right of access across all Association properties and Homes for the purpose of completing construction. The Sponsor will not substantially interfere with the members' use and will remain responsible to repair damage caused as a direct result of Sponsor's work.

## TRUST FUNDS

The Sponsor will hold all monies received directly or through its agents or employees in trust until closing of title. Such funds will be held as trust funds pursuant to Section 352-h of the General Business Law in a special account entitled "Vacation Village Escrow Account" at the UMB Bank and Trust Company, 630 Fifth Avenue, New York, New York 10111. The signature of Carole L. Weidman, Esq., 270 Madison Avenue, New York, New York 10016, as attorney for the Sponsor, shall be required to withdraw any of such funds. The law firm of Weidman & Siegel-Baum, shall have the option of engaging additional professionals to assist in the management of the trust funds. All fees to pay such professionals shall be paid for by the Sponsor. The funds and interest, if any, in the trust account will be payable to the Sponsor after the closing of title to the Home covered by the contract of sale. In the event of default by the purchaser under such contract of sale, which default continues for ten days after notice of such default from the Sponsor to the purchaser, the down payment and interest, if any, may be released to the Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other.

In the event the Sponsor cannot convey title to the Homes as set forth in the contract of sale, all monies paid by the purchaser and interest, if any, shall be refunded by the Sponsor, in accordance with the contract of sale. In the event of a failure by the Sponsor to convey title as set forth herein to any Home on or before six months after the date of delivery of title set forth in the contract of sale, except for the purchaser's default, the purchaser will have the option to cancel the agreement and to have the down payment returned by the Sponsor to the purchaser forthwith, with interest, if any.

The amounts paid by the purchasers will be handled in accordance with the provisions of Sections 352-e(2)(b) and 352-h of the New York General Business Law.

The deposits will be placed in an account which bears interest at prevailing rates. Interest will begin to accrue after the funds have been deposited and collected.



MANAGEMENT AGREEMENT  
AND OTHER CONTRACTUAL ARRANGEMENTS

A. Management Agreement

On the Closing Date, the Sponsor will enter into an agreement (the "Management Agreement") with VCV Development Corp., 295 Madison Avenue, New York, NY 10016 to act as managing agent (the "Managing Agent") of the Properties. The term of the Management Agreement is for a period of three years from the aforesaid Closing Date; however, either party may terminate the Management Agreement on not less than 60 days written notice. The Managing Agent may not spend in excess of \$1000 for any one item of repair or alteration, without the authorization of the Association, except in an emergency.

For its services as Managing Agent, VCV Development Corp. is to receive an annual fee of \$13,200.00. Additionally, the Managing Agent shall be appropriately compensated for such other services as it may render outside the scope of its ordinary management services including, without limitation, a fee for acting as a broker for the sale of any Home. Further the Managing Agent, if called upon to supervise alterations or capital improvements to the Properties which are outside the scope of ordinary repairs, may receive a fee of 5% of the total cost thereof.

As Managing Agent the Sponsor will bill and collect the monthly maintenance charges, hire and fire employees, supervise alterations and repairs, maintain the Association's books and records, advise the Board of Directors of its proposed annual budget, provide each Homeowner annually with a Balance Sheet and Profit and Loss Statement prepared and certified by an independent public accountant which shall be paid for out of the assessments, purchase supplies for the Association and generally perform the duties of a Managing Agent for residential property. In performing its duties as Managing Agent the Sponsor may engage contractors on behalf of the Board of Directors for the purpose of carrying out the maintenance and repair of the Common Areas. At the present time no contracts have been entered into with contractors for these purposes.

All monies received by the Managing Agent for or on behalf of the Association less any sums properly deducted by the agent pursuant to this agreement, shall be deposited in a bank in a special account maintained by and in the name of the Association. These funds shall not be commingled with any other of the funds of the Managing Agent, provided, however, that the Managing Agent shall have the right to draw checks and make withdrawals from such account for the purpose of paying all expenses incurred in connection with the performance of the services hereunder.

The Managing Agent shall be solely responsible for complying with the duties set forth hereunder. These duties are not delegable. The Management Agreement is not assignable by the agent.

The Association agrees to reimburse the Managing Agent for any monies which the Managing Agent is required to pay out for any reason whatsoever, either in connection with or as an expense in defense of any claim, civil or criminal action, proceeding charge or prosecution, made, instituted or maintained against the Managing Agent, jointly or severally, arising out of or due to the condition or use of the Association property or the acts or missions of the Associations' officers, agents, servants, employees or contractors, other than gross negligence or a wilful breach of duties.

The Managing Agent and the employees thereof will be bonded in the maximum amount of \$50,000.

#### B. Store Leases

The Sponsor, VCV Development Corp. (hereinafter the "Tenant") will have a lease agreement with the Association. The premises are being rented by the Sponsor for a period of 20 years. The Tenant will have the right to occupy four areas located within the clubhouse. The leased areas are designated on the Design Plans annexed to the lease, Exhibit M as the Concession and three (3) stores located in the basement (hereinafter "leased areas").

The leased areas represent approximately 18% of the square footage in the Clubhouse. The annual rent for the premises for the initial five (5) years is \$5,000 annually; the succeeding five (5) years is \$7,500 annually; the succeeding five (5) years \$10,000 annually; and the remaining five (5) years is \$12,500 annually. The annual rental represents approximately 25% of the underlying costs of the Clubhouse (ie, real estate taxes and insurance premiums).

The Tenant will be obligated to pay for the following:

1. Electric and water charges attributed to the premises;
2. Maintaining \$500,000 of personal injury insurance, \$1,000,000 accident insurance, and \$250,000 property damage insurance.
3. All structural repairs or improvements to the leased areas
4. If insurance premiums are higher on the Clubhouse than they would otherwise be as a result of the Lease, then Tenant will be obligated to pay the excess of the policy. Otherwise, all insurance premiums on the Clubhouse other than for the Leased Areas shall be paid for by the Association.

Tenant is permitted to use the leased areas for any of the following purposes or any purposes reasonably related thereto:

- a) Coffee Shop and take out sandwiches
- b) ice cream parlor
- c) pizza shop
- d) soda fountain and candy shop
- e) game arcade including video game machines,  
pinball machines
- f) alcoholic beverages
- g) meat delicatessen and meat take home
- h) convenience store including but not limited to  
dairy products, canned goods, bakery goods,  
paper goods, newspapers and magazines, sanitary  
goods, and general merchandise
- i) boutique including but not limited to ladies,  
men and children clothing and accessories

The Tenant may not use the premises for any other purpose.

Tenant has an absolute right to assign or sublease all or any portion of the Leased Areas without the approval of the Owner. The Tenant shall be obligated to obtain all necessary permits, licenses or approvals to operate these businesses within the premises.

Under the terms of the lease, the Tenant also has the exclusive right to sell and provide food and beverages for consumption in that portion of the Clubhouse designated as the "Nightclub."

The Association is also obligated under the lease to not authorize or permit any competing entities to do business within the Common Areas.

## TOWN LAW

On June 21, 1983 the Town of Fallsburg enacted Local Law No. 3 adding Article XXII entitled "Planned Development District No. 7" to Chapter 130 entitled "Zoning" of the Town of Fallsburg Municipal Code. This local law authorizes the establishment of Vacation Village as a planned unit development. All of the terms and provisions contained in this Offering Plan are in conformance with this law. Attached is an actual copy of the Town Law.

(Please Use this Form for Filing your Local Law with the Secretary of State)

Text of law should be given as amended. Do not use brackets for matter to be eliminated and do not use italics for new matter.

~~County~~  
~~City~~ of Fallsburg  
~~Town~~  
~~Village~~

Local Law No. 3 of the year 19 83

A local law adding Article XXII entitled "PLANNED DEVELOPMENT DISTRICT  
(Insert title)  
NO. 7" to Chapter 130 entitled, "Zoning" of the Town of Fallsburg  
Municipal Code.

Be it enacted by the Town Board of the  
(Name of Legislative Body)

~~County~~  
~~City~~ of Fallsburg as follows:  
~~Town~~  
~~Village~~

SECTION 1

Adding Article XXII to Chapter 130 of the Town of Fallsburg Municipal  
Code.

A new article to be known and designated as Article XXII entitled  
"PLANNED DEVELOPMENT DISTRICT NO. 7" is hereby added to Chapter 130 of  
the Town of Fallsburg Municipal Code to follow Article XXI and to read  
as follows:

(If additional space is needed, please attach sheets of the same size as this and number each)

ARTICLE XXII

PLANNED DEVELOPMENT DISTRICT NO. 7

Sec. 130.900 Vacation Village Planned Development District

Vacation Village Planned Development District to be known also as Planned Development District No. 7 is hereby established in accordance with Article XIII of Chapter 130.

Sec. 130.901 Boundary and Description

The boundary and description of Planned Development District No. 7 is hereby established as follows:

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Fallsburg, County of Sullivan and State of New York being the lands of Louis Mintz and Morris and Ruth Popkin as described and recorded in the Sullivan County Clerk's Office in Liber of Deeds 858, page 168, bounded and described as follows:

BEGINNING at a highway monument on the southwesterly side of N.Y.S. Route 52 and at the northwest corner of lands of Bruno (See Deed Liber 783, page 641) and running thence from said point of beginning along the westerly bounds of same to and along the westerly bounds of lands of Andes (See Deed Liber 788, page 560) S. 28°06'40" W. 1679.28 feet to a point on a northerly bound of lands of Kaufman (See Deed Liber 728, page 994); thence running along same N. 76°39'03" W. 175.00 feet to a point in the approximate center line of Sheldrake Stream; thence running along said approximate center line of stream the following twenty (20) courses and distances:

- 1) S. 27°42'28" W. 46.78 feet
- 2) S. 32°47'55" E. 44.56 feet
- 3) S. 60°12'13" W. 33.08 feet
- 4) S. 55°55'27" W. 47.18 feet
- 5) S. 80°55'21" W. 30.02 feet
- 6) S. 8°54'48" W. 71.19 feet
- 7) S. 89°31'02" E. 33.22 feet
- 8) S. 20°31'51" E. 48.16 feet
- 9) S. 75°39'06" W. 45.40 feet
- 10) S. 3°18'43" E. 33.41 feet
- 11) S. 26°02'24" E. 87.36 feet
- 12) S. 9°08'58" W. 56.29 feet
- 13) S. 50°46'05" E. 60.23 feet
- 14) S. 40°03'36" E. 31.70 feet
- 15) S. 16°03'21" W. 73.43 feet
- 16) S. 27°28'10" W. 87.54 feet
- 17) S. 34°01'22" E. 20.54 feet
- 18) S. 40°59'55" E. 39.72 feet
- 19) S. 11°08'30" E. 64.12 feet
- 20) S. 82°48'02" W. 47.72 feet to a point on the

northerly bounds of the lands of the Town of Fallsburgh (See Deed Liber 636, page 210); thence running along the northerly bounds of said town lands generally along a stone wall and wire fence part of the way N. 62°23'39" W. 1458.47 feet to the southeast corner of other lands of Town of Fallsburgh (See Deed Liber 957, page 254); thence running along the easterly bounds of said town lands N. 33°24'50" E. 160.63 feet to a point at the northeast corner thereof; thence running along the northerly bounds of same N. 62°23'39" W. 1375.22 feet to a point on the easterly bound of the lands of Kleinman (See Deed Liber 670, page 320); thence running along said easterly bound of lands of Kleinman N. 24°36'47" E. 488.07 feet to the southeast corner of the lands of Wrubel (See Deed Liber 745, page 514); thence running along the easterly bounds of same to and along the easterly bounds of lands of Cohen (See Deed Liber 531, page 333) to the northeast corner thereof; thence running along the northerly bound of same N. 47°36'57" W. 243.85 feet, through an iron pin found on the easterly side of the travelled way of County Road 104 to a point in said approximate centerline thereof; thence running along said approximate center line of travelled way the following five (5) courses and distances:

- 1) N. 45°41'18" E. 143.19 feet
- 2) N. 49°30'50" E. 318.61 feet
- 3) N. 44°51'45" E. 234.11 feet
- 4) N. 36°33'22" E. 262.02 feet
- 5) N. 38°57'23" E. 76.64 feet to a point at the

southwest corner of the lands of S.K.A.S.S. Assoc. Ltd. (See Deed Liber 754, page 304); thence running along the southerly bounds of same the following four (4) courses and distances:

- 1) S. 60°16'31" E. 472.60 feet
- 2) S. 16°11'29" W. 51.00 feet
- 3) S. 73°48'41" E. 74.44 feet to a point in a stone wall
- 4) N. 27°24'14" E. 125.00 feet along said stone wall to the

southwest corner of the lands of Farley (See Deed Liber 436, page 561); thence running along the southerly bounds of same S. 77°33'13" E. 318.60 feet to the southeast corner thereof; thence running along the easterly bounds of said Farley lands N. 00°15'39" W. 147.89 feet to a point on the easterly bounds of the lands reputedly of Houghtaling; thence running along the easterly bounds of said Houghtaling lands to and along the easterly bounds of the lands of Levine and Bucher (See Deed Liber 771, page 1035) along a stone wall, part of the way N. 29°18'37" E. 397.00 to a point in the approximate center line of travelled way of Old Loch Sheldrake Road (N.Y.S. Rte. 52); thence running along said approximate center line of travelled way S. 57°41'23" E. 59.69 feet to a point at the northwest corner of the Loch Sheldrake Fire District (See Deed Liber 412, page 295); thence running along the westerly bounds of same S. 37°48'18" W. 205.18 feet to a point on the westerly bound of the lands of Lutman (See Deed Liber 715, page 1108); thence running along said Lutman lands the following three courses and distances:

- 1) S. 31°43'34" W. 169.39 feet
- 2) S. 00°15'39" E. 155.03 feet to a point in a stone wall
- 3) N. 88°11'44" E. 178.80 feet to an intersection of the said

stone wall and chain link fence at a northwest corner of the lands of the Town of Fallsburg; thence running along the westerly bounds of said town lands S. 6°01'24" E. 291.54 feet to the approximate centerline of Sheldrake Stream; thence running along the approximate centerline of said stream the following fourteen (14) courses and distances:

- 1) S. 87°15'03" E. 15.34 feet
- 2) N. 74°29'04" E. 28.84 feet
- 3) S. 11°16'19" E. 23.32 feet
- 4) S. 71°14'18" E. 30.98 feet
- 5) S. 85°40'29" E. 32.38 feet
- 6) S. 47°10'18" E. 34.14 feet
- 7) S. 31°42'57" E. 24.57 feet
- 8) S. 59°06'48" E. 47.28 feet
- 9) S. 75°33'04" E. 67.07 feet
- 10) S. 63°58'49" E. 28.85 feet
- 11) S. 47°10'24" E. 54.58 feet
- 12) S. 78°34'45" E. 33.92 feet
- 13) S. 84°25'48" E. 48.00 feet
- 14) S. 47°10'24" E. 17.12 feet to the southeast

corner of said town lands; thence running along a chain link fence on the easterly bounds of same lands N. 30°29'29" E. 194.09 feet to a point on the southerly bounds of the lands of Geiger (See Deed Liber 757, page 801); thence running along the southerly bounds of said Geiger lands the following three (3) courses and distances:

- 1) S. 88°07'13" E. 148.53 feet
- 2) S. 68°34'40" E. 190.10 feet
- 3) N. 32°31'42" E. 188.26 feet to a point on the

southwest bounds of travelled way N.Y.S. Route 52; thence along said road bounds on a curve to the right, having a radius of 1871.71 feet for a distance of 558.07 feet and S. 33°52'59" E. 165.63 feet to the point or place of beginning containing 142.26 acres of land to be the same more or less.



Sec. 130.902 Purpose

The purpose of this Article is to establish in accordance with the comprehensive plan of the Town of Fallsburg a well integrated and coordinated Planned Development District which is sufficiently flexible to permit an orderly development responsive to the various needs of the community and regulated to protect and safeguard the health, safety and welfare of the inhabitants thereof and adjacent thereto with the view of conserving the value of buildings and encouraging the most appropriate use of land in the district.

Sec. 130.903 Definitions

As used in this Article, unless the context or subject matter otherwise requires:

1. "Development" shall mean a plan or project that contains one or more structures similar in size and purpose or naturally complimentary to each other, which for the purposes of this Article, shall be treated as one planning unit and for which a single separate building permit may be obtained.

2. "Special use area" shall mean a tract of land sufficient in size to contain one or more developments and which is established for the exclusive location of one or more classification of uses permitted under each paragraph of Sec. 4 of this Article.

3. "Cluster housing development" shall mean a form of development whereby the minimum lot size is reduced below the requirements of this Chapter if the land thereby gained is preserved as open space.

4. "Townhouse group lot" shall mean the land upon which a group of attached individual townhouse dwelling units shall be situated.

5. "Townhouse individual lot" shall mean the lot upon which the individual townhouse dwelling unit is situated.

Sec. 130.904 Permitted uses

A. Specific uses.

In Planned Development District No. 7, no buildings or other structure or land shall be located in other than a separate special use area, grouped together and used for any purpose other than:

1. One family dwellings and accessory uses and buildings and recreational facilities for the use of the occupants of said districts.

2. Row or town houses and recreational facilities for the use of the occupants of said districts.

3. Homeowners recreational facilities, including swimming pools and beaches, ice-skating rinks, tennis courts, handball courts, volleyball courts, playing fields, theaters, existing nightclub and playhouse facilities or replacements thereof, and similar or customarily related uses or facilities.

4. Commercial uses which shall be limited to not more than six (6) service type stores such as food markets, variety and sundry shops, barbershop or beauty parlor, meat market, kosher food purveyor, coffee shop, and the like, which commercial useage shall be situated in existing public buildings or replacements thereof or in unit rental buildings hereinafter described; additionally, there may be constructed up to two buildings containing units for rental, with no advertising signs on or about the premises relating thereto, which shall contain a maximum of fifty (50) rental units for rental by day, week, or month to relatives, friends, neighbors, associates, persons in some fashion related to occupants of the development and not solicited "off the streets or the highways".

B. Accessory uses.

Customary accessory buildings and uses such as, but not limited to, repair shops, storage sheds, maintenance barns, parking areas and storage areas to be used in conjunction with the principal building or use.

Sec. 130.905 Area, yard and height restrictions for single family dwellings

1. The following area, yard and height restrictions shall apply, subject however to the average density modifications set forth in Sec. 130.912 (cluster housing developments).

A. Area per dwelling unit and lot dimensions.

For a single family dwelling, the minimum land area shall be six thousand (6,000) square feet and the minimum width of the lot at the front building line shall be not less than sixty (60) feet and the minimum floor area of the building shall be eight hundred (800) square feet excluding the basement. However, no ground floor on said building shall be less than five hundred (500) square feet.

B. Front yards.

No single family dwelling, or part thereof other than steps, open porches, eaves and cornices and similar fixtures shall extend nearer the front street line (right-of-way) than twenty-five (25) feet from said street line.

C. Rear yards.

No single family dwelling, or part thereof, other than steps, open porches, eaves or cornices and similar fixtures shall extend nearer to the rear property line than twenty-five (25) feet. When a building or property extends through a block from street to street, the front yard requirements shall be observed on both streets.

D. Side yards.

No single family dwelling, or part thereof, other than steps, open porches, eaves and cornices, and similar fixtures shall extend nearer to the side property line than twelve (12) feet.

E. Corner lots.

In the case of a corner lot, both yards abutting streets shall be considered front yards as provided in Subdivision B of this Section. The minimum width of the lot at the building line parallel to the street considered to be the front street shall be sixty (60) feet.

F. Height.

No dwelling shall exceed two and one-half (2 1/2) stories above final grade or thirty-five (35) feet in height above final grade of the top most part of the roof.

G. Parking.

For each dwelling unit, one and one-half (1 1/2) automobile parking spaces shall be provided.

Sec. 130.906 Private garages and other accessory buildings

1. The following area, yard and height restrictions shall apply, subject however to the average density modifications set forth in Sec. 130.912 (cluster housing developments).

A. No detached private garage or other accessory building shall be placed closer than ten (10) feet to the rear line of a

lot, or closer to a side line of a lot than twelve (12) feet, and for each foot the height of such building exceeds seventeen (17) feet, the offset from the rear and side lines shall be increased by one (1) foot. Attached garages or carports built as a structural part of a dwelling, with or without a breezeway connection, shall require the same front and side yards as a dwelling. However, an attached garage or carport may extend into a required rear yard to the same extent as an unattached garage. Detached garages shall be treated in the same manner as attached garages.

B. No garage or other accessory building shall be used as a dwelling.

C. Except for necessary retaining walls, no fence or wall shall exceed four (4) feet in height.

Sec. 130.907 Row or townhouse development regulations

Row and townhouses shall not be governed by any of the foregoing regulations but only by the following, subject however to the average density modifications set forth in Sec. 13 (cluster housing developments):

A. Area and density.

No more than twelve (12) dwelling units shall be permitted per acre. The minimum land area or lot size per dwelling unit shall be one thousand six hundred (1,600) square feet. The minimum width of each dwelling unit shall be twenty (20) feet. Individual dwelling units shall not cover more than forty (40%) percent of the townhouse individual lots upon which they are constructed. There shall not be more than twelve (12) dwelling units in any one row or townhouse structure.

B. Front yards.

No building or part of a building except open porches, eaves and cornices and similar fixtures shall extend closer to the front street line (right-of-way) than twenty-five (25) feet.

C. Rear yards.

There shall be a rear yard with a depth of not less than twenty (20) feet except when the rear lot line touches a green belt area; then and in that event, the rear yard depth shall be five (5) feet.

D. Side yards.

For row or townhouse buildings which shall not contain more than twelve (12) contiguous dwelling units, the side yard setback shall be not less than twenty-five (25) feet to the side property line or in the case of two or more row or townhouse buildings on a lot, the distance between said buildings shall not be less than thirty (30) feet. Individual townhouse lots attached to adjoining townhouse lots shall have no setback on the attached side and further shall have no setback on lots contiguous to green areas.

E. Averaging of requirements.

Notwithstanding the foregoing, in a project consisting of two (2) or more townhouse group lots, the maximum density per acre or other requirements aforesaid may be deviated from, provided that the overall requirements when averaged, shall equal or exceed the above standards. The purpose of this exception is to permit flexibility of design and to provide for unusual topographical situations.

F. Height and length.

No row or townhouse structure shall exceed two and one-half (2 1/2) stories in height above final grade at the topmost part of the roof. No row or townhouse building shall exceed two hundred twenty-five (225) feet in length.

G. Parking.

For each row or townhouse dwelling unit, one and one-half (1 1/2) automobile parking spaces shall be provided.

Sec. 130.908 Area, yard and height restriction for non-residential uses

A. Rental units and facilities, recreational facilities, fishing facilities, miniature golf courses, swimming pools, and beaches, ice skating rinks, tennis courts, handball courts, volley ball courts, theaters, nightclubs, meeting places, playing fields and similar or customarily related uses or facilities.

1. Area and coverage.

No rental unit building or recreational building or structure shall cover more than fifty (50%) percent of the land area upon which it is constructed.

2. Front, side and rear yards.

No non-residential building shall be closer than fifty (50) feet from the building lot line of any residential building lot which it adjoins.

3. Height restriction.

No rental unit building shall be any greater than two (2) stories in height; no other building shall be any higher than existing buildings on the premises which are used for non-residential purposes and replacements of existing buildings shall be no higher than existing buildings.

B. Commercial activities.

The limited commercial uses set forth in Sec. 130.904 shall be located in recreational, public or rental buildings which exist on the date of the enactment of this law or in replacements thereof, including the buildings to be constructed for the purpose of containing rental units. The rental units shall be situated on the premises in the location of the existing Governor Building with a second such building to be located just southerly thereof.

C. Corner lots.

All non-residential buildings and other structures built on corner lots shall conform to the requirements of Sec. 130.157 of this Chapter.

Sec. 130.909 Single and separate ownership

Nothing contained in this Article shall prohibit the transfer of ownership of individual dwelling units in multi-family dwelling as condominiums or of the individual dwelling units in row or townhouses provided, however, that there shall be maintained, by way of owner associations, joint ownership, easements or permanent agreements the required standards as set forth in this Article for the use and benefit of the inhabitants thereof.

Sec. 130.910 Location of uses under Sec. 130.904 3 & 4

Commercial and residential rental uses permitted in Sec. 130.904(A)(3)(4) shall be situated in the buildings presently in existence and devoted to public uses on the date of the adoption of this law or in replacements thereof, or in the rental buildings authorized hereunder in the location of the present Governor Building and immediately to the south thereof.

Sec. 130.911 Buffer zone requirements

Where a lot in any use area, other than any type residential, abuts a lot in a residential use area, a strip twelve (12) feet wide immediately adjacent to said residential lot shall not be used for storage of any material or goods, parking, or roadway, and shall be suitably landscaped and screened.

Sec. 130.912 Cluster housing developments

A. Permitted use.

Cluster housing developments shall be a permitted use within this Planned Development District.

B. Restrictions and conditions.

1. Density.

The proposed residential development must create an attractive residential environment; produce a total average density as specified in Subdivision A of Sec. 5, or Sec. 8 if row houses or townhouses, provide aggregate open space to be no less than that required in the area in which it is located; guarantee permanent retention of "open areas" and insure care and maintenance of open space.

2. Time limitations.

Development must start within two years of the date of approval and be completed within a reasonable time; it must be consistent with the spirit and intent of this Chapter and plans must be prepared with competent professional advice.

3. Area, yard and height restrictions.

The area, yard and height restrictions for each type of unit within a cluster housing development shall be the same as elsewhere herein provided for such type of unit, provided, however, that the minimum yard, area, and height requirements may be reduced below the requirements set forth for such types of dwelling units if the land thereby gained is preserved as open space.

4. Preservation of open land.

For each square foot of land gained within a residential subdivision through the reduction of lot size below that

required by minimum average density requirements as set forth in this Chapter, equal amounts of land shall be preserved and maintained as open land.

5. Grant to lot owners.

Such land shall be held in corporate ownership by the owners of lots within the development or retained by the developer but with such lot owners having rights to the use thereof, and the developer shall incorporate into the deeds of all lots within the development a clause giving to the owners the right to use such open land which shall be used for recreational purposes only. No structure save those incidental to the recreational use shall be permitted thereon. In the case of such tracts of open area, the developer may petition to the Town or municipality to take over the land to be used in perpetuity as open space.

6. Waivers.

A. Within a cluster housing development, there need not be provided for each residential lot a separate contiguous parking space or spaces but rather, there may be common parking lots or areas servicing numbers of residences in the area of such parking areas, provided that the ratio of one and one-half (1 1/2) parking spaces for each residential unit is maintained.

B. Within a cluster housing development, there need not be road frontage or right of way frontage for each residential lot sold so long as adequate easements and rights of ingress and egress are granted to each residential lot affording to it adequate access to and from public and private roads and rights of way and parking areas, walkways, and the like. It is the intention of this provision to permit cluster housing developments to be established without road frontage or right of way frontage for the lots being sold and any references in other parts of this Article to frontage on a public or private road or right of way may be and is waived with respect to cluster housing developments provided that such adequate access is granted to each lot owner.

Sec. 130.913 Off-street parking and off-street loading requirements

A. The off-street parking and off-street loading requirements for this Planned Development District unless otherwise provided in this Article shall comply with the provisions of Secs. 130.154 and 130.155 of this Chapter.



B. In case of rental units, however, one and one-half (1 1/2) parking spaces shall be provided for each rental unit.

Sec. 130.914 Special design

In cases where the developer has designed special groups of dwellings and garages not conforming with the provisions of this Chapter, the Zoning Board of Appeals after referral to and report by the Planning Board, may approve such nonconformity, provided that the sanitary systems are approved by the appropriate health authorities, that the average density does not exceed the permitted minimum or that the layout is not detrimental to the health and welfare of the community.

Sec. 130.915 Application of Chapter

Unless otherwise specifically provided, all the provisions of this Chapter shall apply to this Planned Development District.

SECTION 2 - CHANGE OF ZONING MAP

The Town Clerk is hereby authorized and directed to change the Official Zoning Map of the Town of Fallsburg by designating thereon the Planned Development District hereby established.

SECTION 3 - EFFECT OF INVALIDITY

If any clause, sentence, phrase, paragraph or any part of this local law shall for any reason be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this law, but shall be confined in its operation and effect to the clause, sentence, phrase, paragraph or part thereof directly involved in the controversy or action in which such judgment shall have been rendered.

SECTION 4 - EFFECTIVE DATE

This Local Law shall take effect immediately upon or after filing in the Office of the Secretary of State.

(Complete the certification in the paragraph which applies to the filing of this local law and delete the matter therein which is not applicable.)

(Final adoption by local legislative body only.)

1. I hereby certify that the local law annexed hereto, designated as local law No. 3 of 1983  
of the ~~County~~  
~~City~~ of Fallsburg was duly passed by Town Board  
~~Town~~ (Name of Legislative Body)  
~~Village~~  
on June 21, 1983, in accordance with the applicable provisions of law.

~~(Passage by local legislative body with approval or no disapproval by Elective Chief Executive Officer or repassage after disapproval.)~~

~~2. I hereby certify that the local law annexed hereto, designated as local law No. \_\_\_\_\_ of 19\_\_\_\_  
County  
City of \_\_\_\_\_ was duly passed by \_\_\_\_\_  
Town \_\_\_\_\_ (Name of Legislative Body)  
Village  
on \_\_\_\_\_ 19\_\_\_\_ and was approved \_\_\_\_\_ by the \_\_\_\_\_  
not disapproved \_\_\_\_\_ Elective Chief Executive Officer  
repassed after disapproval \_\_\_\_\_  
and was deemed duly adopted on \_\_\_\_\_ 19\_\_\_\_, in accordance with the applicable provisions of law.~~

(Final adoption by referendum.)

~~3. I hereby certify that the local law annexed hereto, designated as local law No. \_\_\_\_\_ of 19\_\_\_\_  
County  
City of \_\_\_\_\_ was duly passed by the \_\_\_\_\_  
Town \_\_\_\_\_ (Name of Legislative Body)  
Village  
on \_\_\_\_\_ 19\_\_\_\_ and was approved \_\_\_\_\_ by the \_\_\_\_\_  
not disapproved \_\_\_\_\_ Elective Chief Executive Officer  
repassed after disapproval \_\_\_\_\_  
on \_\_\_\_\_ 19\_\_\_\_. Such local law was submitted to the people by reason of a  
mandatory referendum and received the affirmative vote of a majority of the qualified electors voting  
permissive general  
thereon at the special election held on \_\_\_\_\_ 19\_\_\_\_, in accordance with the appli-  
annual  
cable provisions of law.~~

~~(Subject to permissive referendum and final adoption because no valid petition filed requesting referendum.)~~

~~4. I hereby certify that the local law annexed hereto, designated as local law No. \_\_\_\_\_ of 19\_\_\_\_  
County  
City of \_\_\_\_\_ was duly passed by the \_\_\_\_\_ on \_\_\_\_\_  
Town \_\_\_\_\_ (Name of Legislative Body)  
Village  
\_\_\_\_\_ 19\_\_\_\_ and was approved \_\_\_\_\_ by the \_\_\_\_\_ on \_\_\_\_\_  
not disapproved \_\_\_\_\_ Elective Chief Executive Officer  
repassed after disapproval \_\_\_\_\_  
\_\_\_\_\_ 19\_\_\_\_. Such local law being subject to a permissive referendum and no  
valid petition requesting such referendum having been filed, said local law was deemed duly adopted on  
\_\_\_\_\_ 19\_\_\_\_, in accordance with the applicable provisions of law.~~

\*Elective Chief Executive Officer means or includes the chief executive officer of a county elected on a county-wide basis or if there be none the chairman of the board of supervisors, the mayor of a city or village or the supervisor of a town, where such officer is vested with power to approve or veto local laws or ordinances.

5. I hereby certify that the local law annexed hereto, designated as local law No. \_\_\_\_\_ of 19\_\_\_\_  
of the City of \_\_\_\_\_ having been submitted to referendum pursuant to the  
provisions of § 36 of the Municipal Home Rule Law and having received the affirmative vote of a majority  
of the qualified electors of such city voting thereon at the <sup>special</sup>~~general~~ election held on the \_\_\_\_\_  
19\_\_\_\_ became operative.

(If any other authorized form of final adoption has been followed, please provide an appropriate certification.)

I further certify that I have compared the preceding local law with the original on file in this office  
and that the same is a correct transcript therefrom and of the whole of such original local law, and was  
finally adopted in the manner indicated in paragraph \_\_\_\_\_ above.

  
Clerk of the Board of Supervisors, City, Town or Village Clerk or Officer  
designated by Local Legislative Body

RITA BALBIRER, Town Clerk

Date: JUNE 21, 1983

(Seal)

(Certification to be executed by County Attorney, Corporation Counsel, Town Attorney, Village Attorney  
or other authorized Attorney of locality.)

STATE OF NEW YORK

COUNTY OF SULLIVAN

I, the undersigned, hereby certify that the foregoing local law contains the correct text and that all  
proper proceedings have been had or taken for the enactment of the local law annexed hereto.

  
(Title of Officer) Bernard Silverman, Town Attorney

County

City of Fallsburg

Town

Village

Dated: JUNE 21, 1983

## MORTGAGE INDEBTEDNESS

At the date of presentation of the Plan, the Property is encumbered by a mortgage dated April 20, 1983 in the principal amount of \$350,000 held by Louis Mintz and Ruth Popkin (hereinafter the "First Mortgage"). At the time of the first closing the principal mortgage indebtedness will be reduced to \$320,000.00.

Currently, the First Mortgage bears interest at the rate of twelve (12%) percent per annum with payments of interest and principal in the amount of \$12,649.00 payable in nineteen (19) consecutive quarter annual installments. The sum of \$10,500.00 of the first installment payment is allocated to interest and \$2,149.00 of said first installment payment is allocated to reduction of principal. The amounts of each quarter-annual installment payment allocated to the reduction of principal will increase slightly with each installment. There will be a balloon payment due on the 20th day of April, 1988 in the amount of \$304,904.57, if there are no further payments made in reduction of the principal balance of the First Mortgage prior to its due date. The First Mortgage may be prepaid without penalty. The First Mortgage does not prohibit the conveyance of the Common Areas to the Association.

Each individual Homeowner shall receive title to his Home free and clear of all mortgages, liens and encumbrances including the First Mortgage. Prior to the conveyance of title to any Home, the Sponsor will arrange for the Home to be released from the provisions of any mortgage or Construction Loan Mortgage and lien encumbering the Home.

The Common Areas will either be delivered free and clear of all encumbrances or subject to the First Mortgage which the Sponsor will remain obligated to satisfy. This obligation shall survive the conveyance of title to the Association. To assure performance of its obligations under the First Mortgage, the Sponsor shall obtain a financial guaranty bond for the benefit of the Association in the event the Sponsor does not satisfy the First Mortgage prior to conveyance of the Common Areas to the Association.

### The Bond

The financial guarantee bond shall be in the amount of the full outstanding principal indebtedness of the First Mortgage plus an additional \$5,000.00. The amount of the bond will be lowered as the mortgage indebtedness is reduced but will always remain \$5,000.00 in excess of the principal indebtedness. The bond will be issued by an insurance company authorized to do business in the State of New York and registered with the Department of the Treasury. The bond will be non-cancellable. Consequently, the bond will be in full force and effect unless and until the mortgage is satisfied in full. The bond will provide that in the event the Sponsor defaults on his payment of the mortgage as determined by a court of competent jurisdiction, the bond will automatically be used to satisfy the default.

The insurance company issuing the bond will be notified of any default not cured within sixty (60) days. The Sponsor shall prepay all premiums on the bond prior to conveyance of the First Home. The bond shall be issued prior to conveyance of the First Home.

## IDENTITY OF PARTIES

### PRINCIPALS

The Sponsor, VCV Development Corporation, is a New York corporation formed in April, 1983. The following individuals are stockholders of VCV Development Corp. and principals of this Offering Plan actively participating in the project:

John Tonelli

Mr. Tonelli has been an active builder-developer (including subdivision projects) for the past twenty years in New Jersey and New York areas.

Robert Marx

Mr. Marx is a practicing attorney in New York for the past twenty years. His offices are at 295 Madison Avenue, New York, NY 10016. He has been involved in development, ownership and management of real estate for the past twelve years.

C. Daniel Chill

Mr. Chill is a practicing attorney in New York City for the past 19 years. He is a partner in the law firm of Graubard, Moskovitz McGoldrick Dannett & Horowitz with offices at 345 Park Avenue, New York, NY 10154.

The three gentlemen listed above were principals in C.L.N.O Building Corp. In 1971, this corporation built Lancaster Estates in Monsey, New York. The project was completed and is presently in existence. It was the corporation's only real estate project.

Nachman Kanovsky

Mr. Kanovsky is self-employed. He is the President of Aura Studios of Photography Ltd., a wedding photography business located at 819 Kings Highway, Brooklyn, New York 11223. He is also the President of Park Avenue Video Associates, Ltd., a commercial video production company located at 34 East 29th Street, New York, N.Y. 10016.

Stanley Spitzer

Mr. Spitzer is self-employed. He is the President of American Packaging Specialists, Inc., a packaging and supply company located at 3 Westchester Plaza, Elmsford, New York 10523.

Jacob Mendelsohn

Mr. Mendelsohn is the owner and landlord of several residential apartment buildings located in the metropolitan area. He is a partner of Aperion Manor, a catering establishment located at 815 Kings Highway, Brooklyn, New York 11223.

The three gentlemen listed above were principals and the sole shareholders in N&C Development Corp. N&C Development Corp. was the Sponsor of Vacation Village Associates, a syndication in 1982 which was abandoned.

Albert Sontag

Mr. Sontag is a New York licensed real estate broker with offices at 641 Lydig Avenue, Bronx, New York and has been in the real estate business for the past twenty years in the New York Area. His son, Sheldon Sontag, is involved in the real estate business with his father.

Moses Krausz

Mr. Krausz is the President of UMB Bank and Trust Company located at 630 5th Avenue.

Irving Bauer

Mr. Bauer is the President of G. Bauer, Inc. located at 1624 Webster Ave., Bronx, New York. He is in the boiler repair business.

The three gentlemen listed above have had no previous experience as a principal or sponsor in any real estate cooperative, condominium, subdivision or syndication.

#### ATTORNEYS FOR THE SPONSOR

Weidman & Siegel-Baum, 270 Madison Avenue, New York, NY 10016 prepared the Offering Plan, documents and tax letter. Their fee is being paid by the Sponsor.

Robert Marx, Esq., 295 Madison Avenue, New York, NY 10016 will be doing the closings for the Sponsor. His fee is being paid by the Sponsor.

#### ENGINEER

Alvin Adler, P.E. with offices at Woodbridge, N.Y. is the engineer for this project. He has had extensive experience in construction and civil engineer projects in Sullivan County.

#### ARCHITECT

Abraham Block, a licensed architect with offices at 853 Broadway, New York, New York, has been retained by the Sponsor for this project.

#### MANAGING AGENT

VCV Development Corp., the Sponsor of the project, will be the Managing Agent of the property. VCV Development Corp. is located at 295 Madison Avenue, New York, NY 10016. The Managing Agent has no comparable experience in managing similar properties. Certain of the individuals who comprise the Managing Agent, have similar real estate management experience. A description of all of these persons is listed above under "Sponsor."



## PROCEDURE TO PURCHASE

Purchase may be made by a deposit of 10% of the purchase price and the signing of a contract of sale, a copy of which is annexed as Exhibit F. Sponsor hereby warrants and agrees that any and all monies paid on deposit for the purchase of any Home will be held in trust in an attorney's escrow account until the time of closing. Pursuant to the terms of the contract, if Purchaser defaults on the contract obligations the 10% deposit will be taken and applied as liquidated damages. At the time of conveyance the premises will be free of liens. Should conflicts exist between the contract and the Homeowners Association Offering Plan they will be resolved in favor of the Homeowners Association Offering Plan. All contracts of sale will be accepted no sooner than three (3) business days after the receipt by Purchaser of a copy of the Offering Plan.

## REPORTS TO MEMBERS

All members of the Association will receive annually approximately one month prior to the annual homeowners meeting copies of a Balance Sheet and a Profit and Loss Statement of the Association prepared and certified by an independent public accountant, a statement regarding taxable income attributable to the members, if any, and a notice of the holding of the annual meeting of the Association. The cost of preparing and distributing such statements and notices will be paid for by the Association out of the monthly assessments collected from its members. These dates may be changed pursuant to the By-Laws.

## DOCUMENTS ON FILE

In accordance with Section 352-e (9) of the General Business Law, copies of this Offering Plan and all Exhibits or documents referred to herein shall be available for inspection by prospective purchasers and by any person who shall have purchased securities offered by this Plan or shall have participated in the offering of such securities, at the office of the Sponsor, 295 Madison Avenue, New York, New York 10016, and shall remain available for such inspection for a period of six years.

GENERAL

The Plan does not knowingly omit any material fact or contain any untrue statement of any material fact. Exact copies are contained herein of the Declaration of Covenants and Restrictions, Certificate of Incorporation, proposed By-Laws, Sample Contract of Sale, Sample Deed and Site Plan.

There are no lawsuits or other proceedings now pending or any judgments outstanding, either against the Sponsor or the Association or any person or persons which might become a lien against the Property or which materially affect this offering.

This Plan is offered only to persons over 21 years of age resident in the State of New York.

In accordance with the provisions of the laws of the State and Sullivan County, the Sponsor represents that the Sponsor, the Association and the Agent will not discriminate against any person because of race, creed, color, national origin or ancestry in the sale of homes at Vacation Village or in the offering of memberships in the Association.

As of the date of first presentation of the Offering Plan, neither the Sponsor nor the Selling Agent, nor any representative, or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with prospective homeowners at Vacation Village.

The Property herein had been the subject of an Offering Prospectus (# R-82-1441 filed with the N.Y.S. Department of Law on September 15, 1982) Offering Prospectus for Partnership Interests in Vacation Village Associates. Said Offering was abandoned and all funds returned therewith.

No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

Dated: August 11, 1983

VCV Development Corp.  
Sponsor

BY:

- 35 -

  
ROBERT MARX

DECLARATION OF COVENANTS, RESTRICTIONS,  
EASEMENTS, CHARGES AND LIENS

DECLARANT - VCV DEVELOPMENT CORP.

DATE OF DECLARATION -

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WEIDMAN & SIEGEL-BAUM  
Attorneys for Sponsor  
270 Madison Avenue  
New York, New York 10016

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Declaration of Covenants, Restrictions  
Easements - Charges and Liens

Declaration made as of this            day of August, 1983 by VCV Development Corporation, a corporation organized and existing under the laws of the State of New York, with an office at 295 Madison Avenue, New York, New York hereinafter referred to as "Sponsor".

W I T N E S S E T H :

WHEREAS, Sponsor is the owner of real property referred to in Article II and described in Schedule "A" to this Declaration on which Sponsor desires to develop a planned unit development and detached, semi-detached and attached homes, together with common land and facilities for the sole use and benefit of the residents of said community and their guests; and

WHEREAS, Sponsor desires to provide for the preservation of the value of and amenities in said community and for the maintenance of said common lands and facilities and, to this end, desires to subject the real property referred to in Article II and described in Schedule "A" to the covenants, restrictions, easements, charges and hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Sponsor has deemed it desirable, for the efficient preservation of the value and amenities in said community, to create an agency to which should be delegated and assigned the powers of maintaining and administering the community property and facilities, and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Sponsor has incorporated Vacation Village Homeowners Association, Inc., under the Not-for-Profit Corporation Laws of the State of New York for the purposes of exercising the aforesaid functions;

NOW, THEREFORE, Sponsor, for itself, its successors and assigns, declares that the real property referred to in Article II hereof, and more particularly described in Schedule "A" attached hereto and forming a part hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "Covenants and Restrictions") hereinafter set forth, and the same shall be binding on all parties having any right, title or interest in the described properties or any part hereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

#### ARTICLE I DEFINITIONS

The following words when used in this Declaration or any Supplemental Observation shall, unless the context otherwise prohibits, have the meanings set forth below:

(a) "Association" shall mean and refer to Vacation Village Homeowners Association, Inc., a New York Not-for-Profit Corporation, its successors and assigns.

(b) "The Properties" shall mean and refer to all those certain parcels of real property, designated as Phases I and II, consisting of both Homes and Common Areas, as are subject to this Declaration, and which are described in Schedules "A", "A-1", and "A-2" together with any additions thereto as set forth in the By-Laws of the Association or in the Planned Unit Development Statutes and ordinances.

(c) "Common Areas" shall mean and refer to certain areas of land surrounding the Homes which the Sponsor shall convey to the Association to be devoted to the common use and enjoyment of the owners of The Properties. A legal description of the Common Areas located in Phases I and II, is annexed hereto as Schedule "B" and the Common Areas in these parcels are shown on the Site Plan of The Properties annexed hereto as Schedule "C". Prior (2)

to conveying title to the first Home located in any cluster of two or more Homes, within one of these two Phases, the Sponsor shall convey title to the Common Areas within the sections and immediately surrounding the Homes located therein to the Association. The Sponsor shall, in any event, be obligated to complete the conveyance of all of the Common Areas to the Association within three (3) years of the recording of the Declaration.

(d) "Home" shall mean and refer to all units of residential housing situated upon The Properties but not upon the Common Areas, whether they are attached, detached or semi-attached homes, townhouses, townhouses containing two rental units or apartments, and whether they are owned as single family homes, or rental units. It shall also include any plot of land shown upon any recorded subdivision map of the property or upon any recorded plan approved pursuant to the Planned Unit Development Ordinance of the Township of Fallsburg excepting these from the areas designated as Common Areas. The term "Home" shall also encompass the lot upon which any such unit of residential housing is constructed, together with other improvements situated thereon. The Sponsor, which shall initially be considered the owner of 220 Homes, representing the maximum number of Homes it shall be entitled to construct on The Properties, may reduce the number of Homes attributed to it by conveying titles to individual Homes to purchasers for value by electing to exclude Phase II from The Properties as permitted by Section 1 of Article II and, if it does not elect to exclude Phases II from the Properties, upon finalizing its model mix of Homes for Phase II by surrendering its right to build one or more of such Homes as provided for in Section 3 of Article VI.

(e) "Owner" shall mean and refer to the record owner of fee simple title to any Home, including the Sponsor with respect to an unsold Home. (Every Home Owner shall be treated for all purposes as a single owner for each Home held, irrespective of whether such ownership is joint, in common or tenancy by the entirety). Where such ownership is joint, in common, or tenancy by the entirety, majority vote of such owners shall be necessary to cast any vote to which such owners are entitled.

(f) "Member" shall mean and refer to all those Owners who are members of the Association, as provided in Article III hereof.



(g) "One Family Occupancy" shall mean and refer to residential occupancy by no more than one family. Family is defined as any number of individuals living together on the premises as a single housekeeping unit and may include but is not limited to spouse, companions, children and housekeepers. The rental units which the Sponsor may construct shall be permitted to have "Two Family Occupancy" and is not subject to the "One Family Occupancy" rule.

(h) "Sponsor" shall mean and refer to VCV Development Corp. and its successors and assigns, if such successors and assigns should acquire an undeveloped portion of The Properties for purpose of development.

(i) "Party Fence" shall mean and refer to a fence situated, or intended to be situated, on the boundary line between adjoining properties.

(j) "Party Wall" shall mean and refer to the entire wall, from front to rear, all or a portion of which is used for support and each adjoining property, situated, or intended to be situate, on the boundary line between adjoining properties.

ARTICLE II      PROPERTY SUBJECT TO THIS DECLARATION;  
                     WITHDRAWALS FROM AND ADDITIONS THERETO

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is all those certain parcels, plots or pieces of land, together with the improvements thereon, situated, lying and being in the Town of Fallsburg, County of Sullivan, and State of New York, being more particularly bounded and described on Schedule "A", "A-1" and "A-2" annexed to and made a part of this Declaration. The Sponsor shall have the right, at any time within three (3) years of the date of the recording of this Declaration, to notify the Association in writing that it irrevocably elects to surrender its right to include the 162 Homes it plans to develop on Phase II in The Properties. In the event the Sponsor should so elect, the approximately 54.5 acres comprising Phase II shall be automatically excluded from The Properties. The Board of Directors of the Association shall have the written notification it receives

(4)

from the Sponsor recorded in the form of an amendment to the Declaration within twenty days of such receipt. The Board shall proceed with any recordation without the need of any action by the individual Homeowners.

Section 2. Additions to The Properties by the Association. Annexation of additional property shall require the assent of two-thirds of the Class A Members and two-thirds of the Class B Members, if any, at a meeting duly called for this purpose, at which a quorum shall be present, written notice of which shall be sent to all Members not less than thirty days nor more than sixty days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of proxies entitled to cast fifty-one per cent of the votes of each class of membership shall constitute a quorum. If the required forum is not forthcoming at any meeting, another meeting, may be called, subject to the notice requirements set forth above, and the required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty days following the preceding meeting.

Section 3. Mergers. Upon a merger or consolidation of prospective terms for merger the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration with The Properties, together with covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by the Declaration within The Properties, except as hereinafter provided. A merger will require the same vote as an addition to the Properties as in Section 2 above.

### ARTICLE III      MEMBERSHIP AND VOTING                                  RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person who is a record Owner (as defined in Article 1) of any Home which is subjected by this Declaration to assessment by the Association shall be a Member of the Association.