

Membership shall be appurtenant to and may not be separated from ownership of any Home which is subject to assessment.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

CLASS A Class A Members shall be all Homeowners excepting the Sponsor and any other persons or entities which acquire title to all or a substantial portion of The Properties for the purpose of developing thereon a residential community. Class A Members shall be entitled to one vote for each Home in which they hold the interest required for membership by Section 1 of this Article III. When more than one person holds an interest in any Home, the vote for such Home shall be exercised by the person holding such interest as they among themselves determine, but in no event shall more than one vote be cast with respect to any one Home.

CLASS B The Class B Member shall be the Sponsor and its successors and assigns. The Class B Membership shall be entitled to two votes for each Home in which it holds the interest required for membership by Section 1 of this Article III, provided that upon the happening of either of the following events, whichever first occurs, the Class B membership shall cease and be converted to Class A membership.

- (a) on the Third Anniversary date of the filing of this Declaration.
- (b) when the total votes outstanding in the Class A membership equal 111 (or 30 if the Sponsor irrevocably surrenders its right to include 162 Homes it shall be entitled to develop on Phase II as part of the Properties).

When a purchaser of an individual Home takes title thereto from the Sponsor, he becomes a Class A Member and the membership of the Sponsor with respect to such Home shall cease.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. Member's Easements of Enjoyment.
Subject to the provisions of Section 3 of this Article IV every member shall have the right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title of every Home.

Section 2. Title to Common Areas. Sponsor hereby covenants for itself, its successors and assigns, that it will convey legal title to the Common Areas to the Association free and clear of all mortgages, liens and encumbrances except a mortgage dated April 20, 1983 held by Louis Mintz and Ruth Popkin in the amount of \$350,000.00 which becomes due on April 20, 1983 (hereinafter the "First Mortgage") and except those created by or pursuant to this Declaration, subject, however, to the following covenant, which shall be deemed to run with the land and shall be binding upon the Sponsor, the Association and their successors and assigns:

In order to preserve and enhance the property values and amenities (of) the Community, the Common Areas and all facilities now or hereafter built or installed thereon, shall at all times be maintained in good repair and condition, and shall be operated in accordance with high standards. The maintenance and repair of the Common Areas shall include, but not be limited to, the grounds, buildings, driveways, outdoor lighting, recreational facilities and fences.

The First Mortgage shall be a lien on the Common Areas until it is satisfied. The obligation to satisfy the mortgage shall remain the Sponsor's. This obligation shall survive the closing of title to the Common Areas. In the event the Sponsor shall not satisfy the mortgage prior to closing, the Sponsor shall post a financial guaranty bond for the full amount of the outstanding indebtedness on the First Mortgage.

This section shall not be amended, as provided for in Article X, Section 2, so as to reduce or eliminate the obligation for maintenance and repair of the Common Areas.

Section 3. Extent of Members' Easements.

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

- (a) The right of the Association, as provided in its By-Laws to suspend the enjoyment of the rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations (but in no event shall any such suspension preclude ingress or egress by the

Member or his guests to and from his Home);

- (b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast two-thirds of the votes of the Class A membership and two-thirds of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication, transfer, purpose or condition and unless written notice of the action is sent to every Member at least sixty (60) days in advance of any action taken, except as provided for in subparagraph (e) below and Article V, Section 2 hereof;
- (c) The right of the Association, in accordance with the Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and in furtherance thereof to mortgage all or a portion of the Common Areas provided that the rights of any mortgage in the Common Areas shall be subordinate to the rights of the Owners hereunder;
- (d) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas against foreclosure;
- (e) The right of the Sponsor and of the Association to grant and reserve easements and rights-of-way, in, through, under, over and across the Common Areas, for the installation, maintenance and inspection of lines and appurtenances for public or

private water, sewer, drainage, cable television, electricity, fuel oil, gas, and other utilities, and the right of the Sponsor to grant and reserve easements and rights-of-way, in, through, under, over, upon and across the Common Areas for the completion of the Sponsor's work, the marketing of the Homes, and for the operation and maintenance of the Common Areas.

Section 4. Delegation of Use. Any member may delegate, in accordance with the By-Laws (and subject to the Board's Right of First Refusal, and the rights of first mortgages and the Rules and Regulations of the Association, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE V DEVELOPMENT AND EASEMENTS

Section 1. Limitation on Development. Sponsor shall in no event construct more than 220 Homes on the Properties.

Section 2. Reservation of Easements. Sponsor reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Common Areas, for the purpose of completing the construction and sale of no more than 220 Homes on The Properties. Towards this end the Sponsor reserves the right to grant and reserve easements and rights-of-way in, through, over, under and across the Common Areas for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, electricity, fuel oil, gas and other utilities and for any other materials or services necessary for the completion of work. The Sponsor, its nominees and agents, shall have the right and privilege to maintain general and local sales offices in and about The Properties, including model Homes, and shall have the right and privilege to have their representatives, employees and agents present on The Properties to show the Homes to prospective purchasers, to utilize the Common Areas, and without

limitation, to do any and all things necessary and incident to the sale of the Homes, without charge or contribution. The Sponsor shall have the right to continue to employ signs of its choice upon The Properties in its efforts to market and sell the Homes.

Section 3. Easements in favor of Association and Homeowners. Sponsor does hereby establish and create for the benefit of the Association and for all Owners of Homes located on The Properties the following easements, licenses, rights and privileges:

- (i) Rights of ingress and egress to the nearest public highway over and through all roads walkways and driveways on the Common Areas, and if there are no roads, walkways or driveways leading from a Home to a public highway, right of ingress and egress to the nearest public highway over the Common Areas;
- (ii) Rights to connect with and make use of utility lines, wires pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other portions of the Common Areas;
- (iii) Right of the Homeowners to maintain privately owned water and sewer lines running through The Properties and the Common Areas and the adjoining parcels provided same do not interfere with the use intended for such Properties.

ARTICLE VI COMPLETION, MAINTENANCE AND OPERATION OF
COMMON AREAS AND COVENANT FOR ASSESSMENTS
THEREFOR.

Sponsor. Section 1. Completion of Common Areas by

(a) Prior to the conveyance of title to each Home, the Sponsor shall complete the construction and/or refurbishing of the streets, roadways, walkways and parking facilities' directly serving said Home and all recreation facilities other than the clubhouse.

(b) The Sponsor shall convey all recreation facilities except the Clubhouse prior to transfer of title to the first Home. At the time of its conveyance, the recreation facilities shall be substantially complete.

Any further improvements shall survive conveyance.

(c) The Sponsor shall convey title to all of the Common Areas within three (3) years from the filing of the Declaration.

(d) Sponsor's obligation to complete the construction and landscaping of the Common Areas, at its sole cost and expense, shall survive the conveyance of the Common Areas to the Association pursuant to Section 2 of Article IV.

Section 2. Assessments, Liens and Personal Obligations Therefor.

(a) Sponsor, for each Home owned by it within The Properties, hereby covenants, and each subsequent Owner of any such Home by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association:

(i) annual assessments of charges; (ii) special assessments for capital improvements; (iii) special assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Home against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as are hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time the assessment fell due to pay such assessment.

(b) The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of The Properties as a community and in particular for the improvement and maintenance of properties,

(11)

services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, and the cost of lawn and landscaping maintenance, all as contemplated by an Offering Plan dated _____ of the Association, all of which obligations the Association hereby assumes as of the date of conveyance of title of the Common Areas by Sponsor. Sponsor shall have no obligation to operate or maintain the Common Areas after their conveyance to the Association. A Homeowner may contract with the Association to have landscaped areas part of his Home (lot) maintained by the Association on an annual basis, in which event the cost of such maintenance shall be an additional charge added to the assessment for his home.

Section 3. Amount and Payment of Annual Assessment. The Association shall at all times fix the amount of the annual assessment at an amount sufficient to pay the costs of maintaining and operating the Common Areas as contemplated by Section 2(b) of this Article VI. The amount of annual assessment for each Home shall be 1/220th of the aggregate amount assessed for all of The Properties. Each annual installment shall be payable in equal monthly installments in advance on the first day of each calendar month. The annual assessment shall be \$660 per Home for the first year of operation; \$726 for the second year of operation; and \$798 for the third year of operation. Thereafter the amount of the annual assessment shall be fixed by the Board of Directors. For purposes of this section the first year shall commence six (6) months from the date the Declaration is recorded. The amounts of assessment mentioned in this Section 3 shall apply to all Homes purchased from the Sponsor. The Sponsor's obligation to pay assessments are delineated in Section 4 of this Article VI.

If at any time, the Sponsor shall notify the Association that it will complete construction of fewer than 220 Homes on The Properties, or if the number of Homes located on the Properties shall be diminished by condemnation or other governmental taking or increased by annexation of additional properties containing residential dwellings, all in accordance with the terms of this Declaration, the denominator of the fraction set forth above ($1/220$ th) shall be changed to such denominator as equals the resulting number of residential dwellings after receipt of such notice from the Sponsor, or such condemnation or other taking or annexation.

As long as the Sponsor is in control of the Board of Directors and irrespective of any assessment surplus which may exist during any fiscal year of the Association, no part of any of the assessments shall be used for any purposes other than as set forth in the first Association budget and no other capital improvements or new services shall be supplied by the Association without the prior written consent of the Sponsor.

This Section shall not be amended as provided in Article X, Section 1 to reduce or eliminate the obligation to fix the assessment at an amount sufficient to properly maintain and operate The Properties.

Section 4. Sponsor's Obligation. Notwithstanding anything to the contrary contained in this Declaration or the By-Laws, the Sponsor's covenant and obligation to pay assessments shall be limited to the lesser of the following sums:

- (a) the maximum assessment determined in accordance with Section 3 of this Article VI, or;
- (b) (i) the actual costs of operation, maintenance, insurance and repair of the Common Areas for each fiscal year of the Association, including reserves applicable to the Common Areas and Homes to which

title has been conveyed and excluding reserves applicable to Homes to which title remains in the Sponsor and the improvements thereon, less (ii) all assessments levied against all other Members for such fiscal year. If (ii) is greater than (i) for any fiscal year, the Sponsor shall be entitled to credit such differences against its obligation to pay assessments in any subsequent fiscal year.

In supplying services to the Members, the Sponsor may direct the Association not to supply maintenance or other services to any Homes to which title remains in the Sponsor or, but in no event to be effective after October 1, 1986, to any portion of the Common Areas not yet conveyed by the Sponsor to the Association. For purposes of this Section 4 of Article VI only, title to a Home which has been leased or rented by the Sponsor shall not be considered to remain in the Sponsor.

Section 5. Special Assessments for Capital Improvements and Recreation Center. In addition to the annual assessments authorized by Section 3 of this Article VI, the Association may levy, in any assessment year, a special assessment (which must be fixed at a uniform rate for all Homes) applicable to that year only, in an amount no higher than the maximum annual assessment then permitted to be levied hereunder 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 or for a purpose otherwise authorized hereunder, provided that any such assessment shall 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 not less than ten (10) days nor more than thirty (30) days in advance of the meeting setting forth the purpose of the meeting. The due date of any specified assessment shall be fixed in the Resolution authorizing such assessment.

Section 6. Special Assessments for Landscape Maintenance. In addition to the annual assessment and the Special Assessments authorized by Sections 3 and 5 of this Article VI, 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 hereunder, the Association shall have the right, but shall not be required, to discontinue providing such services.

Section 7. Quorum For Any Action Authorized Under Sections 3 and 5. The quorum required for any action of the Members of the Association, authorized by Sections 3 and 5 of this Article VI shall be as follows:

At the first meeting called, as provided in Sections 3 and 5 of this Article IV, the presence at the meeting of Members or of proxies, entitled to cast fifty-one (51%) percent of all of the votes of each class of Membership, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice of requirement set forth in Sections 3 and 5, and the required quorum at the preceding meeting shall be one-half of the required quorum at the preceding meeting, provided that such subsequent meeting shall not be held more than sixty (60) days following the preceding meeting.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Home for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Homes and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by the Owner.

Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall, upon written demand at any time, furnish to any Owner liable for said assessment, or his mortgagee, a certificate in writing, signed by an officer of the Association or by the Association's managing agent, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessment; The Personal Obligation of the Member; The Lien; Remedies of Association; Rights of First Mortgagees. If an assessment is not paid on the date when due, as fixed by the Board of Directors, then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Member's Home which shall bind such property in the hands of the Member, his heirs, devisees, personal representatives and assigns. Such lien shall be prior to all other liens except: (a) tax or assessment liens on the Home by the taxing subdivision of any governmental authority, including but not limited to State, County, Village and School District taxing agencies; and (b) all sums unpaid on any institutional first mortgage of record encumbering the Home. The personal obligation of the Member who was the owner of the Home when the assessment fell due to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

In the event an assessment is not paid on the date when due, the Board of Directors may, at its sole option, declare the assessment on said Member's Home for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board shall send notice to the delinquent Member giving him a five-day grace period in which to make his payment. 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 from the Member. If any sum, charge or assessment shall remain
and

unpaid for thirty (30) days after the giving of notice by the Board that the payment is overdue, the Board may proceed to foreclose the lien encumbering the Home, in the same manner as the foreclosure of a mortgage. In the event the Member does not pay the assessment required to be paid by him within thirty (30) days of its due date, said sum shall bear interest at the highest legal rate from its due date and said Member shall be liable for the Association's reasonable costs and reasonable attorney's fees incurred by it incident to collection or enforcement of such lien.

First Mortgagees of Homes may be permitted to pay taxes or other charges which are in default and which may or have become a charge against any common property and may pay overdue premiums upon the lapse of a policy for such common property. First Mortgagees making such payments shall be owed immediate reimbursement from the Association. First Mortgagees shall be given written notification from the Association of any default in the performance of any individual unit owner of any obligation under the Association Offering Plan, Declaration, By-Laws and Regulations which is not cured within 60 days.

Each member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default, regardless of the harshness of the remedy available to the Association, and regardless of the availability of other, equally adequate legal procedures. It is the intent of all Members to give the Association a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from the Members and to preserve each Member's right to enjoy his Home free from unreasonable restraint.

Section 10. Exempt Property. The following properties subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (a) all properties dedicated to and accepted by a governmental body, agency or authority and devoted to public use; (b) all Common Areas as defined in Article 1, hereof. Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

ARTICLE VII ARCHITECTURAL CONTROL

No building, fence, wall or other structure, or change in landscaping, shall be commenced, erected or

maintained upon The Properties, nor shall any exterior addition or change or alternation thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations for the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. The provisions of this Article VII shall not apply to the original construction of the 220 Homes presently planned for development on The Properties.

ARTICLE VIII PARTY WALLS OR PARTY FENCES

Section 1. General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Declaration and the By-Laws, the general rule of law regarding party walls and liability for property damage due to negligence or wilful acts or omissions, shall apply to each party wall or party fence which is built as part of the original construction of the Homes upon The Properties and any replacement thereof.

In the event that any portion of any structure, as originally constructed by Sponsor, including any party wall or fence, shall protrude over an adjoining lot or common area, such structure, party wall or fence shall not be deemed to be an encroachment upon the adjoining lot or lots or common areas, and Owners shall neither maintain any action for the removal of a party wall or fence or projection, nor any action for damages. In the event there is a protrusion as described in the immediately preceding sentence, it shall be deemed that said Owners have granted perpetual easements to the adjoining Owner or Owners for continuing maintenance and use of the projection, party wall or fence. The foregoing shall also apply to any replacements of any structures, party walls or fences if same are constructed in conformance with the original structure, party wall or fence constructed by Sponsor. The foregoing condition shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or party fence shall be shared equally by the Owners who make use of the wall or fence in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall or party fence is destroyed or damaged by fire or other casualty, any Owner who has used the wall or fence may, to the extent such action is not inconsistent with the provisions of the By-Laws, restore it, and if the other Owners thereafter make use of the wall or fence, they shall, to the extent the cost of such restoration is not covered by proceeds from the Association's insurance policies, contribute to the cost of restoration thereof in proportion to such use without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or wilful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or wilful act causes the party wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall or party fence, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. The decision of the arbitrators shall not, however, be binding and conclusive upon the parties, and any party to the dispute shall thereafter have the right to institute any action or proceeding at law or equity, which he deems necessary or desirable.

ARTICLE VIII USE OF PROPERTY

The use of a Home by a Member or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Directors and the following covenants and restrictions:

- (a) The Home and area restricted to the Member's use shall be maintained in good repair and overall appearance.
- (b) Any Member who mortgages his Home shall notify the Board of Directors providing the name, address and mortgage number of his mortgagee.
- (c) The Board of Directors shall give written notification to a mortgagee of a Home, of any default of a Homeowner which is not cured within sixty (60) days.

(d) No nuisances shall be allowed upon the property nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents.

(e) No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(f) Regulations promulgated by the Board of Directors concerning the use of the property shall be observed by the Members, provided, however, that copies of such regulations are furnished to each Member prior to the time the said regulations become effective.

(g) The maintenance and special assessments shall be paid when due.

(h) Occupancy of the Homes shall be restricted to "One Family Occupancy", as defined herein. This rule shall not apply to the Townhouses containing two rental units.

(i) No sign of any kind shall be displayed to the public view on any Home or parcel without the authorization of the Board of Directors.

(j) No animals, livestock or poultry of any kind shall be raised, bred or kept in any Home or on any parcel, except that dogs, cats or other domesticated household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and provided that not more than two pets in the aggregate may be kept in any Home. All pets must be curbed and their owners shall be responsible for cleaning up after them. In no event shall any such pet be permitted on the Common Areas unless carried or on a leash.

(k) No fence shall be erected on any parcel or attached to the exterior of any dwelling, except for those to be erected by Sponsor for aesthetic purposes or by an Owner as a court yard fence, provided, how-

ever, that this paragraph shall not prohibit the erection, repair and maintenance of a perimeter fence around the exterior boundary of the Community.

(l) There shall be no obstruction of the Common Areas nor shall anything be stored in the Common Areas without the prior written consent of the Board of Directors.

(m) Homeowners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of a Home and no awning or canopy shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof, or exposed on or at any window, without the prior written consent of the Board of Directors.

(n) No Homeowner or occupant shall plant or install any trees, bushes, shrubs or other planting, or authorize the same to be done, on any portion of his parcel except for the court yard area as originally installed by the Sponsor, without approval of the Board of Directors or the Architectural Committee.

(o) No Homeowner may paint any portion of the exterior of his Home, including doors and trim, any color other than that originally applied by the Sponsor, without the prior written consent of the Board of Directors or its duly appointed Architectural Committee.

(p) No Owner or occupant, or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his Home any inflammable, combustible or explosive fluid, material, chemical or substance.

(q) No Owner or occupant or any of his agents, servants, employees, licensees or visitors shall 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.

(r) Garbage, trash and refuse shall be stored in containers in garages.

ARTICLE X EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance upon the Common Areas, the Association shall provide exterior maintenance to each Home which is subject to assessment under Article VI hereof and to the lot upon which the Home is situated as follows: cutting grass in yards. The Association shall be responsible for cutting grass and for snow removal on the Common Areas where such service is not provided by the Town.

Section 2. Disrepair of Lots. In the event the Owner of any Home in The Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, including but not limited, where such maintenance functions are not otherwise directed by the provisions of this Declaration to be performed by the Association, to maintenance of walkways (including snow removal), protective screening area, private court yard and lawns, upon direction of the Board of Directors, it shall have the right through its agents and employees to enter upon the lot upon which said Home is located and to repair, maintain and restore the lot, and the buildings, and any other improvements erected thereupon. The cost of such maintenance shall be added to and become part of the assessment to which such Home is subject.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the exterior maintenance required by this Article, the Association, through its duly authorized agents and employees, shall have the right to enter upon any Homeowner's lot at reasonable hours, on any day except Saturdays, Sundays and holidays, except in the case of an extreme emergency.

ARTICLE XI GENERAL PROVISIONS

Section 1. Beneficiaries of Easements, Rights and Privileges. The easements, licenses, rights and privileges established, created and granted by this Declaration shall be for the benefit of, and restricted solely to, the Association and the Owners of Homes constructed on The Properties; and any Owner may grant the benefit of such

easement, license, to their immediate families for the duration of their tenancies or visits, subject in the case of the Common Areas to the Rules and Regulations of the Board of Directors, but the same is not intended nor shall it be construed as creating any rights in or for the benefit of the general public.

Section 2. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, any Member, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until December 31, 2010, unless otherwise expressly limited herein, after which time said covenants and restrictions shall 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 covenants and restrictions in whole or in part. Provided, however, that no such agreement to change shall be effective unless made and recorded three (3) years in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken. Notwithstanding the foregoing, the easements, licenses, rights and privileges established and created with respect to the Common Areas by Section 3 of Article V shall be perpetual, run with the land and shall survive any destruction, reconstruction and relocation of the physical structures, unless said provision is abrogated by the unanimous written consent of all the Homeowners. Unless specifically prohibited herein the provisions of this Declaration may be amended by an instrument signed by Members holding not less than ninety per cent (90%) of the votes of the membership at any time until December 31, 2010 and thereafter by an instrument signed by Members holding not less than eighty percent (80%) of the votes of the membership. Any amendment must be properly recorded to be effective.

Section 3. Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Association, its real and personal assets, including the Common Areas, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable or the same as those to which they were required to be devoted by the Association. No such disposition of the Association

properties shall be effective to divest or diminish any right or title of any Member vested in him under the licenses, covenants and easements of this Declaration, or under any subsequently recorded covenants and deeds applicable to the Properties, unless made in accordance with the provisions of this Declaration or said covenants and deeds.


Section 4. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, post-paid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 5. Administration. The administration of the Association shall be in accordance with the provisions of the Association By-Laws which are made a part of this Declaration and attached hereto as a Schedule.

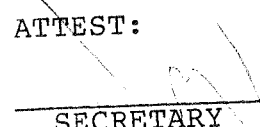
Section 6. Severability. Invalidation of any of the covenants, limitations or provisions of this Declaration by judgment or court order shall in no way affect any of the remaining provisions hereof, and the same shall continue in full force and effect.

VCV Development Corp.

BY:


ROBERT MARX

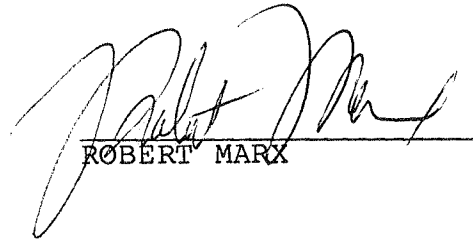
ATTEST:


SECRETARY

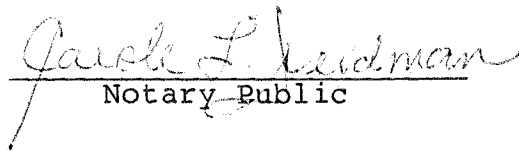
(SEAL)

STATE OF NEW YORK)
:
COUNTY OF NEW YORK)

On the 12th day of August, 1983 before me came ROBERT MARX, to me known, who being by me duly sworn did depose and say that he resides at 76-10 137 Street, Flushing, New York, that he is Vice President of VCV DEVELOPMENT CORP., the corporation described herein, and which executed the foregoing instrument; that he knows the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of said corporation; and that he signed his name by like order.


ROBERT MARX

Sworn to me this
12th day of August, 1983


Notary Public

CAROLE L. WEIDMAN
Notary Public, State of New York
No. 31-4758746
Qualified in New York County
Commission Expires March 30, 1984

BY-LAWS
OF
VACATION VILLAGE HOMEOWNERS ASSOCIATION INC.

WEIDMAN & SIEGEL-BAUM
Attorneys for Sponsor
270 Madison Avenue
New York, New York 10016
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A New York Not-for-Profit Corporation

(e) "Common Areas" shall mean and refer to all those areas of land, including the facilities constructed thereon, described in and shown upon the Site Plan attached to and forming a part of the Declaration, devoted to the common use and enjoyment of the Members.

(f) "Member" shall mean and refer to each holder of one of the two classes of membership interests in the Association, as such interests are set forth in Article VI of these By-Laws.

(g) "Home" shall mean and refer to all units of residential housing situated upon The Properties, but not upon the Common Areas, whether they are detached, semi-detached or attached homes, townhouses, townhouses containing two rental units or apartments, and whether they are owned as single family homes, townhouses containing two rental units or rental units. The term "Home" shall also encompass the lot upon which any such unit of residential housing is constructed.

(h) "Owner" shall mean and refer to the record owner of fee simple title to any Home, including the Sponsor with respect to any unsold Home. Every Homeowner 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.

(i) "Board" shall mean and refer to the Board of Directors of the Association, as such Board of Directors are defined in Article VIII of these By-Laws.

ARTICLE III PURPOSE

This Association is formed to own, operate, manage and control the Common Areas, as a Homeowners Association for the benefit of its Members as herein defined.

ARTICLE IV APPLICABILITY

All present and future Members, lessees, tenants, their families, guests, licensees, agents, employees and any other person or persons that shall be permitted to use the Common Areas shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the conduct of its Members.

ARTICLE V USE OF FACILITIES OCCUPANCY OF HOMES

The Common Areas shall be limited to the use of the Members and their guests. In the event that a Member shall lease or permit another to occupy his Home, however, the lessee or occupant shall, at the option of the Member, be permitted to enjoy the use of the Common Areas in lieu of and subject to the same restrictions and limitations as said Member. Any Member, lessee or occupant entitled to the use of the Association facilities may extend such privileges to members of his family residing in his household by notifying the Secretary in writing of the names of any such persons and of the relationship of such Member, lessee or occupant to such persons.

ARTICLE VI MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. The Association shall have two classes of membership interests as follows:

Class A. Members shall be all Homeowners excepting Sponsor and excepting any other person or entity which acquire title to all or a substantial portion of The Properties for the purpose of developing thereon a residential community. Class A Members shall be entitled to one vote for each Home in which they hold the interest required for membership by Section 1 of Article III of the Declaration.

Class B. The Class B Member shall be the Sponsor and its successors and assigns. The Class B membership shall be entitled to two (2) votes for each Home in which it holds the interest required for membership by Section 1 of Article III of the Declaration, provided that upon the happening of either of the following events, whichever first occurs, the Class B membership shall cease and be converted to Class A membership.

- (a) on the third anniversary date of the filing of the Declaration.
- (b) when the total votes outstanding in the Class A membership equals 111 (or 31 if the Sponsor surrenders its right to construct 160 Homes on Phase II of the Properties as provided for in the Declaration).

When a purchaser of an individual Home takes title thereto from the Sponsor, he becomes a Class A Member and the membership of Sponsor with respect to such Home shall cease. Membership shall be appurtenant to and may not be separated from ownership of any Home which is subject to assessment.

Section 2. Suspension of Membership. The rights of membership are subject to the payment of periodic assessments levied by the Board of Directors, the obligation of which assessments is imposed against each Member and becomes a lien upon the property of any Owner against which such assessments are made as provided for by Article VI of the Declaration. During any period in which a Member shall be in default in the payment of any assessment levied by the Association, the Member's right to the use of the Common Areas may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and a hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Areas. In no event, however, shall any such suspension preclude ingress or egress by the Member or his guests to and from his Home. Following the cessation and conversion of all Class B memberships to Class A memberships, such suspension may also include any voting rights to which the Member would otherwise be entitled.

ARTICLE VII QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. 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, the Certificate of Incorporation of the Association or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented and the required quorum at each subsequent meeting shall be one half of the required quorum for the preceding meeting provided that the subsequent meeting be called within 45 days following the preceding meeting. At such adjourned meeting at which a quorum

shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 2. Vote Required to Transact Business. 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 these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 3. Right to Vote. 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.

Section 4. Proxies. 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.

Section 5. Tenants and Occupants. Notwithstanding any other provisions of these By-Laws, in the event a Class A Member shall lease or permit another to occupy his Home (but see Article XV) and elects to permit the lessee or occupant to enjoy the use of the Common Areas in lieu of the Member himself, the Member may, by a writing directed and in form satisfactory to the Board of Directors of the Association, also permit the lessee or occupant to exercise his right to vote for the duration of the lease or permitted occupancy, or for a period of ten years, whichever is shorter. Upon the expiration of said period, and each successive period, the Member shall have the right to extend the lessee's or occupant's right to his vote if the aforesaid conditions are again satisfied.

Section 5. Waiver and Consent. Whenever the vote of the membership at a meeting is required or permitted by Statute or by any provision of the Declaration, Certificate of Incorporation or of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of the membership may be dispensed with if all Members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 7. Place of Meetings. Meetings shall be held at such suitable place convenient to the Members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 8. Annual Meetings. The annual meeting of the membership of the Association shall be held on such date as is fixed by the Board of Directors. At such meeting there shall be elected by ballot of the membership a Board of Directors in accordance with the requirements of Article VIII of these By-Laws. The Members may also transact such other business as may properly come before the meeting.

Section 9. Special Meetings. It shall be the duty of the President to call a special meeting of the Association, if so directed by the Board of Directors, or upon the presentation to the Secretary of a petition signed by a majority of the Members.

Section 10. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member and to each tenant or occupant entitled to vote pursuant to Section 5 of this Article, at least ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 11. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Appointment of inspectors of election (in the event there is an election).
- (g) Election of Directors (in the event there is an election).
- (h) Unfinished business.
- (i) New business.

ARTICLE VIII BOARD OF DIRECTORS

Section 1. Number and Term. 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. The initial Board of Directors shall consist of Nachman Kanovsky, Naomi Kanovsky and Stanley Spitzer. 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. The Sponsor's right of designation, however, is subject to the restriction that the Sponsor agrees to give up control of the Board of Directors the earlier of; (a) three (3) years from the filing of the Declaration or (b) closing on 111 Homes (or 30 if the Sponsor irrevocably surrenders its right to construct the 162 Homes in Phase II of the Properties).

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. The size of the Board and method of electing Directors as specified herein may not be changed by an amendment to these By-Laws prior to October 1, 1986 without the approval of each class of membership.

Section 2. Cumulative Voting. In any election of Directors, each Member shall be entitled to as many votes as shall equal the number of Directors to be elected and a Member may cast all of such votes for a single Director or may distribute them among two or more Directors as he sees fit.

Section 3. Vacancy and Replacement. If the office of any Director, becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurred and until his successor is duly elected and qualified. In the event a Director designated by the Sponsor dies, resigns, retires, is removed or disqualified, however, the Sponsor shall have the right to designate another Director as his successor.

Section 4. Removal. 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.

Section 5. Powers.

(a) The property and business of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts and things as are not by Statute, Declaration, Certificate of Incorporation or by these By-Laws, directed or required to be exercised or done by the Members or Owners personally. These powers shall specifically include, but not be limited to the following items:

1. To determine and levy monthly assessments ("Association assessments") to cover the cost of operating and maintaining the Common Areas payable in advance. Subject to the qualifications set forth in the Declaration, the Board of Directors may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses.
2. To collect, use and expend the assessments collected to maintain, care for and preserve the Common Areas.
3. To make repairs, restore or alter any of the Homes and the Common Areas after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.
4. To open bank accounts on behalf of the Association and to designate the signatories to such bank accounts.

5. To insure and keep insured the Homes and the Common Areas in accordance with Article XII of these By-Laws.

6. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from Members for violations of the house rules or rules and regulations herein referred to.

7. To make reasonable rules and regulations and to amend the same from time to time. Such rules and regulations and amendments thereto shall be binding upon the Members when the Board has approved them in writing and delivered a copy of such rules and all amendments to each Member.

8. To employ workmen, janitors and gardeners and to purchase supplies and equipment, to enter into contracts to provide maintenance and other services and generally to have the powers of Directors in connection with the matters hereinabove set forth.

9. To bring and defend actions by or against more than one Member and pertinent to the operation of the Association.

10. To bring tax assessment review proceedings on behalf of all of the Members.

(b) The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) Directors or Members, one of whom shall be a Director, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may have power to sign all papers which may be required, provided the said resolution or resolutions shall specifically so provide. Such committee or committee shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Committees established by resolution of the Board of Directors shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 6. Compensation. Directors and Officers, as such shall receive no compensation for their services.

Section 7. Meetings.

(a) The first meeting of each Board newly elected by the Members shall be held immediately upon the adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Directors shall be held at the same place as the annual meeting of Association Members and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days' notice to each Director either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) Directors.

(d) At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of a three-fifths or greater majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

(e) Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Annual Statement. The Board of Directors shall furnish to all Members and shall present annually (within four months of the end of the fiscal year) and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business conditions and affairs of the Association, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Members and a notice of the holding of the annual meeting of the Association Members.

Section 9. Fidelity Bonds. Unless all Association funds are handled solely by an independent managing agent, the Board of Directors shall require that all officers and employees of the Association handling or responsible for such funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be an expense of the Association.

Section 10. Managing Agent. The Board of Directors may employ for the Association a managing agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including but not limited to all of the delegable duties of the Board listed in this Article.

ARTICLE IX OFFICERS

Section 1. Elective Officers. The officers of the Association shall be chosen by the Board of Directors and shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Assistant Secretaries and Assistant Treasurers and such other officers as in their judgment may be necessary. All officers must be either members of the Board of Directors, Members of the Association, or lessees or occupants entitled to the use of the Common Areas in lieu of the Member renting or permitting them to occupy the Home in which they reside. Two or more offices may not be held by the same person.

Section 2. Election. The Board of Directors, at its first meeting after each annual meeting of Association Members, shall elect a President, a Vice-President, a Secretary and a Treasurer.

Section 3. Appointive Offices. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office for the term to which they are elected and appointed and until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Association Members and the Board of Directors, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Association, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a corporation organized under the Not-For-Profit Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a corporation organized under the Not-For-Profit Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all meetings of Association members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of Association Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Association including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors.

He shall disburse the funds of the Association as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Directors, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the Association.

He shall keep detailed financial records and books of account of the Association, including a separate account for each Member, which, among other things, shall contain the amount of each assessment, the date when due, the amounts thereon and the balance remaining unpaid.

Section 9. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Directors.

ARTICLE X NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Directors or to any Director or Association Member, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Directors, such Director or Member at such address as appears on the books of the Association.

Section 2. Service of Notice-Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE XI ASSESSMENTS AND FINANCES

Section 1. Creation of the Lien and Personal Obligation of Assessments. The creation of the lien and personal obligation of assessments is governed by Section 2 of Article VI of the Declaration.

Section 2. Purpose of Assessments. The purpose of assessments is as specified in Section 2 of Article VI of the Declaration.

Section 3. Basis of Assessments. The basis of the assessments is as specified in Section 3 of Article VI of the Declaration.

Section 4. Date of Commencement of Assessments: Due Dates. The date of commencement and the due dates of assessments are as specified in Section 3 of Article VI of the Declaration.

Section 5. Effect of Non-Payment of Assessment; Remedies of the Association. The effect of non-payment of assessments and the remedies of the Association shall be as specified in Section 9 of Article VI of the Declaration.

Section 6. Subordination of Lien to Mortgages. The line of the assessments provided for herein shall be subordinated pursuant to the provisions of Section 9 of Article VI of the Declaration. For purposes of such provision an "institutional first mortgage" shall mean a first mortgage granted by a federal or state savings and loan association, savings or commercial banks, life insurance company, union pension fund, trust company, agency of the United States Government or of the State of New York, or other similar institutional lender or a purchase money mortgage granted by the Sponsor.

Section 7. Rights of First Mortgagees. First Mortgagees of Homes may be permitted to pay taxes or other charges which are in default and which may or have become a charge against any common property and may pay overdue premiums upon the lapse of a policy for such common property. First Mortgagees making such payments shall be owed immediate reimbursement from the Association. First Mortgagees shall be given written notification from the Association of any default in the performance of any individual unit owner of any obligation under the Association Offering Plan, Declaration, By-Laws and Regulations which is not cured within 60 days.

Section 8. Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 9. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all members. Disbursements from said account shall be for the general needs of the operation including, but not limited to wages, repairs, betterments, maintenance and other operating expenses of the community and recreational facilities.

Section 10. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purpose.

ARTICLE XII INSURANCE

Section 1. Coverage. To the extent available, the Board of Directors shall obtain and maintain insurance coverage as set forth in Sections 2, 3 and 4 hereof. All insurance affecting The Properties shall be governed by the provisions of this Article. Premiums for all such insurance obtained by the Board of Directors shall be paid for by the Association.

Section 2. Physical Damage. All buildings and improvements (as defined in Subsection (e) hereof), and all of the personal property owned by the Association, the Owners and mortgagees of Homes as their interests may appear, against risks of physical damage as follows:

(a) Amounts. As to real property, for an amount equal to not less than one hundred (100%) percent of its replacement cost; as to personal property, for an amount equal to its actual cash value. Prior to obtaining any insurance on real property under this Section, and at least bi-annually thereafter, the Board of Directors shall obtain an appraisal from a qualified appraiser for the purpose of determining the replacement cost of such real property.

(b) Risks. the insurance shall afford protection against loss or damage by reason of:

1. Fire and other perils normally covered by extended coverage;
2. Vandalism and malicious mischief;

3. Such other risk of physical damage as from time to time may be customarily covered with respect to buildings and improvements similar in construction, location and use as those on The Properties including, without limitation, builder's risk coverage for improvements under construction; and
4. Such other risks of physical damage as the Board of Directors may from time to time deem appropriate.

(c) Other Provisions. The insurance shall include without limitation, the following provisions:

1. Waivers by the insurer of rights of subrogation, other than those based on fraud or criminal acts, against the Association and the Owners;
2. That the insurance shall not be affected or diminished by reason of any other insurance carried by any Owner or mortgagee of a Home;
3. That the insurance shall not be affected or diminished by any act or neglect of any Owner or any occupants or owners of any improvements when such act or neglect is not within the control of the Association;
4. That the insurance shall not be affected or diminished by failure of any Owner or any occupants or owners of any improvements to comply with any warranty or condition when such failure to comply is not within the control of the Association;
5. Such deductible as to loss, but not co-insurance features, as the Board of Directors in its sole judgment deems prudent and economical;
6. That the insurance may not be cancelled or substantively modified (except for the addition of property or increase in amount of coverage) without at least thirty (30) days prior written notice to the named insured, and to all mortgagees of Homes;

7. Provisions for identification of mortgagees of Homes and for the allocation of their several interests to specific Homes;

8. The standard mortgage clause, except that any loss otherwise payable to named mortgagees shall be payable in the manner set forth in subsection 10 hereof;

9. Adjustment of loss shall be made with the Board of Directors or Manager;

10. Proceeds for losses shall be payable to the Trustee; and

11. The named insured shall be the Association.

(d) Evidence of Insurance. Certificates of insurance signed by an agent of the insurer together with copies of all endorsements thereto and proof of payment of premium, shall be delivered to all mortgagees of Homes at the times such policies are issued, and at least ten (10) days prior to the expiration of any then-current policies, if requested by any mortgagee.

(e) Definition. As used in this Section, the term "all buildings and improvements" shall also include, without limitation, all Common Areas and personal property of the Association, and the standard partition walls, fixtures and installations initially installed by the Sponsor, as shown on the copy of the engineering and architectural plans and specifications on file in the office of the Building Inspector, as from time to time amended, and replacements thereof; and may exclude fixtures, alterations, installations or additions situated in and about a Home used exclusively by an Owner and made or acquired at the expense of an Owner and the Homes to which the Association has conveyed title.

Section 3. Liability Insurance. The Board of Directors shall obtain and maintain public liability insurance for bodily injury and proper damage on and to The Properties in such limits as the Board of Directors may from time to time determine, insuring the Association, the Board of Directors, the Manager (at the discretion of the Board of Directors), and each member with respect to his liability arising from membership in the Association or ownership, maintenance or repair of The Properties which is the responsibility of the Association, including, without limitation, liability arising from construction operations. Such liability insurance shall also cover cross-liability claims among insureds and the Association. The Board of Directors shall review such limits

at least annually. The insurance provided under this Section shall include, without limitation, the following provisions:

(a) That the insurance shall not be affected or diminished by any act or neglect of any Member or any occupants or Owners of any improvements when such act or neglect is not within the control of the Association;

(b) That the insurance shall not be affected or diminished by failure of any Member or any occupants or owners of any improvements to comply with any warranty or condition when such failure to comply is not within the control of the Association; and

(c) Waives by the insurer of rights of subrogation, other than those based on fraud or criminal acts against the Association and the Members.

Section 4. Workmen's Compensation Insurance. To the extent obtainable, the Board of Directors shall obtain and maintain adequate Workmen's Compensation Insurance.

Section 5. Other Insurance. The Board of Directors is authorized to obtain and maintain such other insurance as it may from time to time deem appropriate.

ARTICLE XIII DAMAGE TO OR DESTRUCTION OF THE PROPERTIES

Section 1. Duty to Repair or Restore. Any portion of The Properties, including the Homes, damaged or destroyed shall be repaired or restored promptly by the Association, except as provided in Sections 5 and 7 of this Article.

Section 2. Estimate of Cost. Promptly after damage to or destruction of The Properties, and thereafter as it deems advisable, the Board of Directors shall obtain reliable and detailed estimates of the cost of repair or restoration. The Board of Directors may retain the services of an architect to assist in the determination of such estimates and in supervision of repair and restoration.

Section 3. Collection of Construction Funds. Construction funds may consist of insurance proceeds, condemnation awards, proceeds of assessments against Members, payments by Owners for damage to or destruction of Homes, and other funds received on account of or arising out of injury or damage to the Property.

(a) Insurance and Condemnation Proceeds. To the extent that damage or destruction to The Properties is covered by insurance of the Association or by a condemnation award not specifically allocated to one or more Owners, the proceeds of such insurance or award shall be made available for repair or restoration. The Board of Directors or Manager shall adjust losses under physical damage insurance policies of the Association. Such losses shall be payable to the Trustee.

(b) Assessments against Members. If the insurance proceeds and condemnation awards are insufficient to effect the necessary repair or restoration of the Common Areas, such deficiency shall be charged as a special assessment against all Members. The proceeds of any such assessment shall be paid by the Board of Directors to the Trustee.

(c) Assessments of Owners. If there is damage or destruction of a Home or Homes or if there is damage or destruction of Common Areas and a Home or Homes and the insurance proceeds and condemnation awards received by the Association are insufficient to effect the necessary repair and restoration thereof, the Association may levy a special assessment against each Member and each Member shall pay such Assessment to the Board of Directors on the date specified in the resolution authorizing the same, which special Assessment shall be paid by the Board of Directors to the Trustee.

(d) Payments by Others. Any other funds received on account of or arising out of injury or damage to The Properties shall be paid by the Board of Directors to the Trustee.

Section 4. Plans and Specifications. Any repair or restoration must be either substantially in accordance with the architectural and engineering plans and specifications for the original buildings or according to plans and specifications approved by the Board of Directors and by a majority of the Members entitled to vote and the holders of first mortgages encumbering fifty (50%) percent of the Homes subject to mortgages, and if the damaged property includes Homes, by ninety (90%) percent of the Owners thereof. Repair or restoration of Homes shall include improvements and fixtures installed by an Owner thereon provided such Owner shall have paid to the Association a sum sufficient to repair or restore the same.

Section 5. Owner's Rights and Obligations.

(a) Owners are solely responsible for damage or destruction of their Homes. The Association is not responsible to insure the Homes of its Owners.

(b) Notwithstanding the provisions of this Article XIII, if there is damage or destruction of a Home which does not exceed \$5,000, the Owner, with the prior written consent of the Board of Directors, may perform the repairs and reconstruction thereof at such Owner's sole cost and expense.

(c) If there is any damage to household and personal property owned by an Owner, or fixtures, alterations, installations or additions comprising a part of a Home made or acquired at the expense of the Owner thereof, then such Owner shall be responsible for insuring the same for their reconstruction and repair after casualty.

Section 6. Disbursement of Construction Funds. The Trustees shall deduct from the construction funds its actual costs, expenses and agreed fee for the performance of its duties, and shall disburse the balance in the following manner:

(a) Damage or Destruction not Exceeding \$50,000. In the event of damage or destruction of the Common Areas, not exceeding \$50,000.00, and upon receipt of certification of such fact from the Board of Directors, the Trustee shall deliver such balance to the Board of Directors, and the Board of Directors shall thereupon administer said balance in the same manner as required of the Trustee by this Article.

(b) Damage or Destruction Exceeding \$50,000. In the event of damage or destruction of the Common Areas exceeding \$50,000, the Trustee shall apply such balance to pay directly, and to reimburse the Association for the payment for, the costs of repair or restoration of the Common Areas, including the cost of temporary repairs for the protection of the Common Areas pending the completion of permanent repairs and restoration, upon request of the Association in accordance with Subsection 8(a) of this Article, and, if an architect has been retained by the Board of Directors, upon presentation of an architect's certificate stating that the work represented by any such payment has been completed satisfactorily.

(c) Surplus Funds. If, after payment of all repairs and restorations, there remains any surplus fund, such fund shall be paid to Members in proportion to their contributions resulting from assessments levied against them pursuant to Section 3(b) and (c) of this Article; provided, however, that no Member shall receive a sum greater than that actually contributed by him. Any surplus remaining after such payments shall be paid to the Association and shall be part of its general income.

Section 7. Determination not to Repair or Restore. If there is substantially total destruction of all of the improvements on The Properties, and seventy-five (75%) percent of the Owners eligible to vote elect not to proceed with repair or restoration, any balance of construction funds shall be disbursed and distributed to the Owners in accordance with the diminution in the fair market value of their respective Homes resulting from such destruction, which diminution, unless otherwise agreed, shall be determined by arbitration. Any balance thereafter shall be disbursed and distributed equally among the Members. In the event of dispute as to the fact of substantial total destruction, that issue shall be submitted to arbitration in accordance with the rules of the American Arbitration Association.

Section 8. Certificates. The Trustee may rely on the following certifications:

(a) By the Board of Directors. The Board of Directors shall certify to the Trustee in writing as to the following matters:

1. Whether or not damaged or destroyed property is to be repaired or restored.

2. Whether or not, in the opinion of the Board of Directors, the cost of repair or restoration may exceed \$50,000.00.

3. The amount or amounts to be paid for repairs or restoration and the name and addresses of the parties to whom such amounts are to be paid.

(b) By Attorneys. The Board of Directors shall furnish the Trustee, in the event that any payments are to be made to an Owner or mortgagee, with an Attorney's Certificate based upon an examination of the Land Records from the date of the recording of the original Declaration, stating the name of the Owner and the mortgagees.

Section 9. Trustee. The Board of Directors shall enter into and keep in force a trust agreement with a bank in the State of New York with trust powers to receive, administer and disburse funds pursuant to Articles XII and XIII. Such trust agreement shall incorporate the Declaration and By-Laws by reference and shall provide that upon termination thereof, all monies or funds held by the Trustee shall be turned over only to a successor trustee which shall also be a bank in the State of New York with trust powers. No amendments of Article XII or this Article XIII or of the provisions of the Declaration or By-Laws specifically referred to therein shall be binding on the Trustee until the Trustee receives notice of such amendment.

ARTICLE XIV AMENDMENTS

Except as otherwise specifically provided, these 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 herein 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 hereto shall be recorded in the Sullivan County Clerk's Office but failure to record any such amendment shall not affect its validity, application or enforceability as to any Member or mortgagee who was a member or mortgagee on the date of the adoption of such amendment, provided such Member or mortgagee received proper notice of said meeting containing a full statement of the proposed amendment. The Board of Directors shall promptly give notice to the Trustee of any amendment to any provision of the Declaration and By-Laws.

ARTICLE XV SELLING, LEASING AND MORTGAGE OF HOMES

Section 1. Selling and Leasing Homes. No Homeowner other than Sponsor or its designee may sell his Home or lease his Home without complying with the following provisions:

(a) Any Homeowner who receives a bona fide offer to (i) purchase his Home or (ii) lease his Home (such offer to purchase or lease a Home, as the case may be, is called an "Outside Offer", the party making any Outside Offer is called an "Outside Offeror" and the Homeowner to whom the Outside Offer is made is called an "Offeree Homeowner"), which he intends to accept shall give notice by certified or registered mail to the Board of the receipt of such Outside Offer.)

Said notice shall also state the name and address of the Outside Offeror, the terms of the proposed transaction and such other information as the Board may reasonably require. The giving of such notice to the Board shall constitute and offer by such Homeowner to sell his Home together with its appurtenant shares in the Association or to lease his Home to the Board, or its designee, corporate or otherwise, on behalf of all other Homeowners, upon the same terms and conditions as contained in such Outside Offer and shall also constitute a representation and warranty by the Homeowner who has received such Outside Offer, to the Board on behalf of all Homeowners, that such Homeowner believes the Outside Offer to be bona fide in all respects. The Offeree Homeowner shall submit in writing such further information with respect thereto as the Board may reasonably request. Not later than thirty (30) days after receipt of such notice together with such further information as may have been requested, the Board may elect, by sending written notice to such Offeree Homeowner before the expiration of said thirty (30) day period, by certified or registered mail, to purchase or lease such Home together with its appurtenant shares, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of the Association, upon the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Offeree Homeowner.

(b) If the Board shall timely elect to purchase or lease such Home together with its appurtenant shares, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Board, in

accordance with the terms of the Outside Offer, within forty-five (45) days after the giving of notice by the Board of its election to accept such offer. If, pursuant to such Outside Offer to purchase said Home, the Outside Offeror was to assume or take title to the Home subject to the Offeree Homeowner's existing mortgage or mortgages, the Board may purchase the Home and assume or take title to the Home subject to said existing mortgage or mortgages, as the case may be. At the closing, the Offeree Homeowner, if such Home together with its appurtenant shares is to be sold, shall convey the same to the Board, or to its designee, on behalf of all other Homeowners, by deed in the form required by the Real Property Law of the State of New York, with all tax and/or documentary stamps affixed at the expense of such Homeowner, who shall also pay all other taxes arising out of such sale. Real estate taxes (including water charges and sewer rents whether or not separately assessed), mortgage interest, if any, and Association Assessments shall be apportioned between the Offeree Homeowner and the Board, or its designee, corporate or otherwise, as of the closing date. If such Home is to be leased, the Offeree Homeowner shall execute and deliver to the Board, or to its designee, corporate or otherwise, as tenant, covering such Home for the rental and term contained in such Outside Offer.

(c) If the Board or its designee shall fail to accept such offer within thirty (30) days after receipt of notice, as aforesaid, and the Offeree Homeowner does not, within such ninety (90) day period, accept in writing the Outside Offer or if the Offeree Homeowner shall accept the Outside Offer and fail to close the title to such Home within thirty (30) days following the expiration of such ninety (90) day period, then, should such Offeree Homeowner thereafter elect to sell or lease such Home together with its appurtenant shares, as the case may be, the Offeree Homeowner shall be required to again comply with all the terms and provisions of this Section 1.

(d) Any lease executed in connection with the acceptance of any Outside Offer to lease a Home shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board, that the tenant shall not assign his interest in such lease or sublet the demised premises or any part thereof without the prior consent in writing of the Board and that the Board shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in

the event of (i) a default by the tenant in the performance of his obligations under such lease or (ii) a foreclosure of the lien granted by the Declaration and these By-Laws.

(e) Except as hereinbefore set forth, the form of any such lease executed by the Board or an Outside Offeror shall be the then current form of apartment lease recommended by the Apartment Council of the Home Builders Association of Central New York, Inc., and shall contain such modifications as shall be approved in writing by the Board. Any lease executed by the Board as tenants shall provide that the Board may enter into a sublease of the premises without the consent of the landlord.

(f) Any purported sale or lease of a Home in violation of this Section 1 shall be voidable at the election of the Board, and if the Board shall so elect, the Homeowner shall be deemed to have authorized and empowered the Board to institute legal proceedings to evict the purported tenant (in case of an unauthorized leasing), in the name of the said Homeowner as the purported landlord. Such Homeowner shall reimburse the Board for all expenses (including attorneys' fees and disbursements) incurred in connection with such proceedings.

(g) The foregoing restrictions of this Section 1 shall not apply to Unsold Homes. Sponsor or its designee shall have the right freely to sell Unsold Homes or freely to lease all or any part thereof without first having to offer the same for sale or lease to the Board.

Section 2. Consent of Homeowners to Purchase or Lease of Homes by Board. The Board shall not exercise any option hereinabove set forth to purchase any Home or lease any Home without the prior approval of a Majority of Homeowners.

Section 3. Release by Board of Right of First Refusal. The right of first refusal contained in Section 1 may be released or waived by the Board only in the manner provided in Section 4. In the event the Board shall release or waive its right of first refusal as to any Home, such Home together with its appurtenant shares may be sold, conveyed or leased, free and clear of the provisions of Section 1.

Section 4. Certificate of Termination of Right of First Refusal. A certificate executed and acknowledged by the Secretary or Assistant Secretary of the Association stating either that the provisions of Section 1 have been met by a Homeowner or that the right of first refusal contained

therein has been duly released or waived by the Board, and that as a result thereof the rights of the Board thereunder have terminated, shall be conclusive upon the Board and the Homeowners in favor of all persons who rely on such certificate in good faith. The Board shall furnish, without charge, such certificate upon request to any Homeowner in respect to whom the provisions of Section 1 have in fact, terminated.

Section 5. Financing of Purchase of Homes by Board. The purchase of any Home by the Board or its designee, on behalf of all Homeowners, may be made from the funds deposited in the capital and/or expense accounts of the Board. If the funds in such accounts are insufficient to effectuate any such purchase, the Board may levy an assessment against each Homeowner, equal in proportion as an Association Assessment, and/or the Board, may, in its discretion, finance the acquisition of such Home, provided, however, that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Home to be purchased together with its appurtenant shares.

Section 6. Exceptions. The provisions of Section 1 shall not apply with respect to any lease, sale or conveyance of any Home together with its appurtenant shares by (a) the Home Owner thereof, (b) Sponsor or its designee with respect to Unsold Homes, (c) the Board, (d) any proper officer conducting the sale of a Home in connection with the foreclosure of a mortgage or other lien covering such Home or delivering a deed in lieu of such foreclosure, or (e) a Permitted Mortgagee or his nominee, who has acquired title to any Home at any foreclosure sale of Permitted Mortgagee or by deed in lieu thereof delivered in a bona fide transaction; provided, however, that each succeeding Home Owner, shall be bound by, and his Home subject to, the provisions of this Article XV.

Section 7. Gifts and Devises, etc. Any Homeowner shall be free to convey or transfer his Home by gift, or may devise his Home by will or have his Home pass by intestacy, without restriction, provided, however, that each succeeding Owner shall be bound by, and his Home subject to, the provisions of this Article XV.

Section 8. Payment of Assessments. No Homeowner shall be permitted to convey, mortgage, pledge, hypothecate or lease his Home unless and until he shall have paid in full to the Board all unpaid Association Assessments theretofore

assessed against such Home and until such Homeowner shall have satisfied all unpaid liens against his Home other than permitted mortgages.

Section 9. Mortgage of Units. Subject to Section 8, each Homeowner shall have the right to mortgage his Unit without restriction, provided that any such mortgage covering a Home shall be substantially in the form of the New York statutory form of mortgage, except for such changes or additions as may be required in order to permit a particular bank, trust company, insurance company, savings and loan association or institutional or noninstitutional lender to make the mortgage loan, and provided that the Board is notified in writing of the making of such mortgage.

ARTICLE XVI GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 2. Seal. The Association seal shall have inscribed thereon the name of the Association and the year of its incorporation under the laws of the State of New York. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

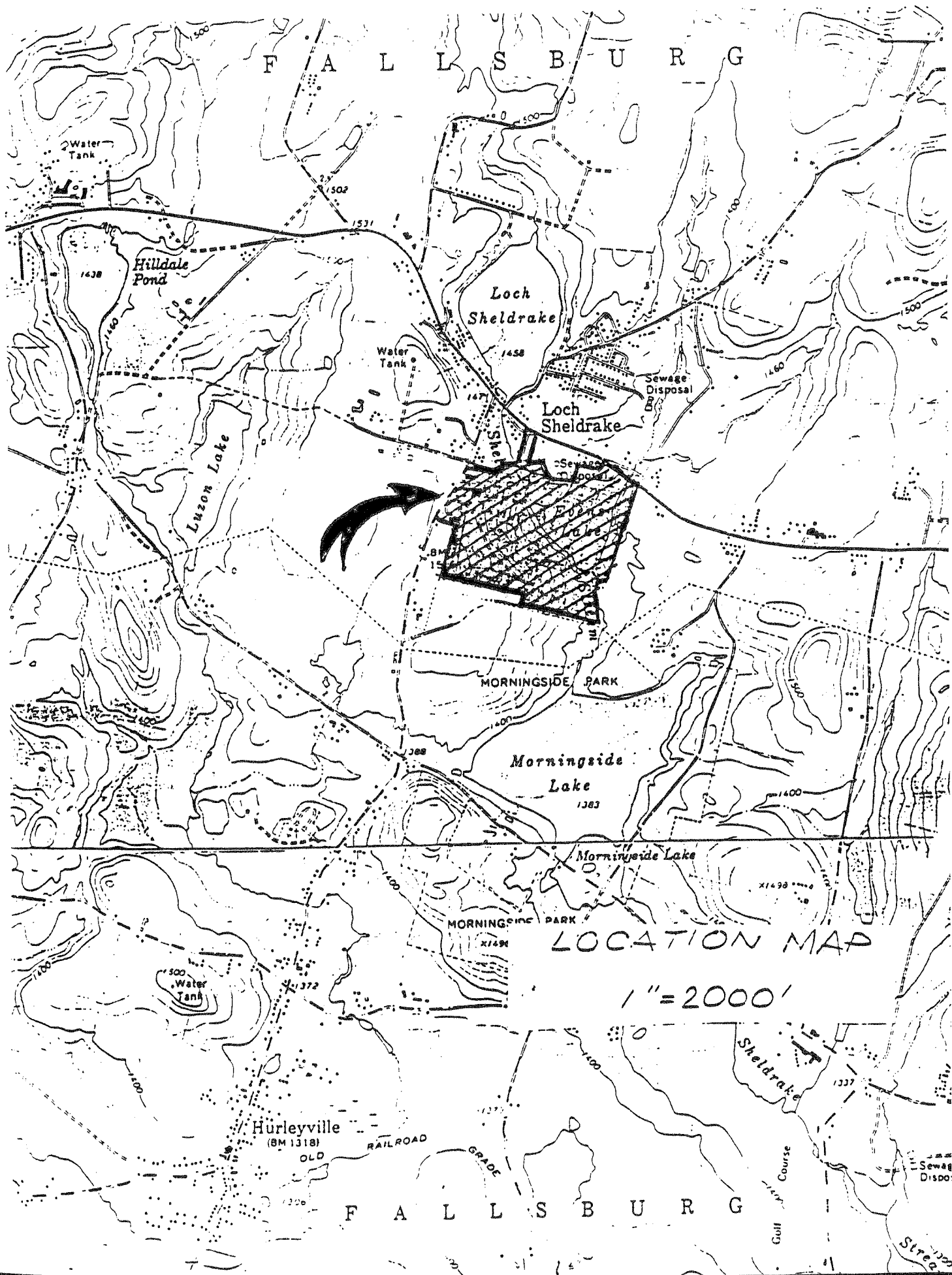
Section 3. Architectural Control. No building, fence, wall or other structure, or change in landscaping, shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board.

Section 4. Examination of Books and Records. Each Member, or their respective representatives, shall be entitled to a reasonable examination of the books and records of the Association at any time upon reasonable notice to its Board of Directors. Such examination shall be conducted, at the discretion of the Board of Directors, at the principal office of the Association or at the office of the Board's duly designated management agent. The Declaration, Certificate of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association.

Section 5. Construction. Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural; whenever the context so requires. In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 6. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

LOCATION MAP



CONTRACT OF SALE

AGREEMENT made and dated 1983, between VCV DEVELOPMENT CORP., a New York Corporation, having its offices at Drawer 250, Loch Sheldrake, New York, hereinafter called the "Seller" and residing at No. _____ hereinafter called the "Purchaser".

WHEREAS, the Seller desires to offer for sale Homes to be situated on the land owned by it located in the Town of Fallsburg, County of Sullivan, and State of New York, together with mandatory membership in the Vacation Village Homeowners Association, Inc., hereinafter called the "Association", and the Purchaser is desirous of purchasing a Home therein and obtaining membership in the "Association".

NOW, THEREFORE, in consideration of the mutual promises and undertaking hereinafter set forth, the parties hereto mutually agree as follows:

1. The Purchaser hereby agrees to purchase and the Seller agrees to sell the Home designated as No. _____ as shown on the plot plan which forms a part of the Offering Plan of the Association distributed by Seller to Purchaser.

2. The closing of title shall take place at the office to be designated by the Seller or by the lending institution at _____ o'clock on or about _____, 1983 or at another date and time designated by the Seller upon seven (7) days written notice mailed to the Purchasers at their address hereinabove set forth. The Seller shall be entitled to a reasonable adjournment in the closing of title in the event of delay by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements.

3. (a) The purchase price is \$ _____ payable as follows:

- (i) \$ _____ on the signing of this agreement, the receipt whereof is hereby acknowledged;
- (ii) \$ _____ on or before the _____ day of _____, 1983.
- (iii) \$ _____ certified or bank cashier's check on closing of title;
- (iv) \$ _____ loan in that amount to be procured by the purchasers from a financial institution for a term of _____ years, at the prevailing rate of interest charged by financial institutions and

permitted by New York State Law at the time of closing of title, the proceeds of which shall be turned over to the Seller.

Any payment made by check is accepted by Seller subject to collection.

The Home purchased herein shall not include any furniture or house furnishings on display in Seller's model or any other items not specifically referred to in the inventory list made a part of this agreement and annexed hereto as Exhibit "A".

(b) The purchase price includes the alternates and extras as per order sheet attached hereto and made part hereof as Exhibit "B".

Title to all items of personal property shall be delivered free and clear of all liens and encumbrances, except the lien of the mortgage applied for by Purchasers herein, if any.

4. The closing deed shall be a Bargain and Sale Deed with Conveyance Against Grantor's Acts, shall be duly executed and acknowledged by the Seller, so as to convey to the Purchaser fee simple title to the said premises, free and clear of all liens and encumbrances, except as herein stated, and shall also contain the covenant required by subdivision 5 of Section 134 of Lien Law. The Purchaser shall accept a marketable title such as Seller's title company or any other reputable title company will insure and the Purchaser shall pay the applicable New York State transfer tax. Title to the premises is sold and shall be conveyed subject to: (a) ordinances and regulations of competent municipal or other governmental authorities; (b) easements for screening and planting and for sewer, water, gas, fuel line, drainage, electricity, telephone, cable television, street lighting and other similar utilities, if any, granted or be granted; (c) any state of facts an accurate survey might show provided title is not rendered unmarketable thereby; (d) usual rights of owners in party walls and party fences; (e) the Declaration of Covenants, Restrictions, Easements, Charges and Liens, referred to in Paragraph 5 of this Agreement and contained in the Offering Plan of the Association, which the Seller will or has recorded in the Sullivan County Clerk's Office; and (f) unpaid taxes and liens, provided the title company shall insure against collection of same from the premises.

5. The Seller has exhibited and delivered to the Purchaser and the Purchaser has read and agrees to be bound by the proposed Declaration of Covenants, Restrictions, Easements, Charges and Liens, By-Laws, and Offering Plan of the Association (and the Exhibits attached thereto), all of which are incorporated by reference and made a part of this Agreement with the same force and effect as if set forth in full herein. With the purchase of his Home, the Purchaser acknowledges that he will automatically thereby become a member of the Association, subject to its rules and regulations and liable for its assessments. This Agreement is being executed more than three (3) business days after the receipt by the Purchaser of a copy of the Offering Plan.

6. The conventional mortgage loan applied for by the Purchaser herein, if any, shall be secured by a first mortgage on the Home herein described which shall be self-liquidating and payable in monthly installments of taxes, water, insurance and common charges as the lending institution shall require. Said mortgages shall provide for full pre-payment without penalty after one year. The Purchaser does hereby agree to furnish, deliver and/or execute all instruments whether application, affidavit, statement or any other instrument in connection with the Purchaser's application for such loan, to furnish all information required by the lending institution and/or the Seller and to render promptly a truthful and accurate statement of them, and if the application is approved, to execute at title closing all papers, statements or instruments which may be necessary to consummate the mortgage loan transaction (and if this agreement is executed by husband only on behalf of Purchasers, the husband agrees that his wife will join in the application for and consummation of the mortgage loan). Failure to comply will be deemed a material breach of this agreement. If, after compliance with the foregoing by the Purchaser, he is not approved by a lending institution designated by Seller, then this agreement shall be deemed cancelled and the monies paid hereunder shall be refunded in full, with interest, if any, except that the Seller reserves the right to designate another lending institution or to grant the mortgage loan itself on the same terms and conditions. If however, the lending institution designated by Seller denies Purchasers the requested mortgage, Purchaser may obtain a mortgage from a lending institution of his choice within two weeks from the date of the rejection.

Failure by Purchaser to obtain such mortgage commitment within the two week period will constitute a cancellation of this Contract and the monies paid hereunder shall be refunded in full with interest, if any.

First mortgagees of the units will be permitted to pay taxes or other charges which are in default and which may or have become a charge against any project common property and may pay overdue premiums upon the lapse of a policy for such common property. First mortgagees making such payments shall be owed immediate reimbursement from the Homeowners Association.

Purchaser agrees, if required by the lending institution, to apply for and to obtain private mortgage guaranty insurance from an insurer acceptable to the lending institution. In such event, the Purchaser shall be responsible for any applicable application fee and shall pay at closing the required mortgage guaranty insurance premium.

7. Should Purchaser violate, repudiate, or fail to perform any of the terms of this agreement, time being of the essence as to Purchaser's obligations hereunder, Seller may, at its option, retain all or any part of the monies paid on account hereunder plus the price of any custom works or extra ordered items as listed in Paragraph 3 hereof as liquidated damages, in which event the parties shall be discharged of all further liability hereunder, or Seller may otherwise avail

itself or any legal or equitable rights which it may have under this agreement. This provision shall apply whether or not construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

8. This Purchaser agrees that all terms and provisions of this agreement are and shall be subject and subordinate to the lien of any building loan mortgage heretofore or hereafter made and any advances heretofore or hereafter made thereon, and any payments or expenses already made or incurred which may hereafter be made or incurred, pursuant to the terms thereof, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. The Seller shall satisfy all such mortgages at or prior to the closing date, except for the individual mortgage covering the mortgage loan taken out by the Purchaser, if any, whether same be by extension, assumption, consolidation or otherwise.

9. All sums paid on account of this agreement and the reasonable expense of the examination of the title to the Home are hereby made liens hereon, but such liens shall not continue after default by the Purchaser under this agreement. The risk of loss or damage to the Home by fire or any other cause until the delivery of the deed is assumed by the Seller.

10. The parties hereto do hereby agree that the Seller may cancel this agreement by forwarding its check in the full amount paid by the Purchaser, with interest, if any, together with a notice in writing, addressed to the Purchaser at their address hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or sub-division thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials from its regular suppliers or from using same in construction and/or completion of the Home; or (2) that the Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements or national emergencies, or the installation of public utilities is restricted or curtailed.

11. The Seller will hold all monies received directly or through its agents or employees hereunder in trust until closing of title herein. Such funds will be held as trust funds pursuant to Sections 352-h and 352(e)(2)(b) of the General Business Law, in a special account in the UMB Bank & Trust Company, 630 Fifth Avenue, New York, New York. The signature of Carole L. Weidman, Esq, as attorney for the Seller, shall be required to withdraw any of such funds. The funds in the trust account will be payable to the Seller after the closing of title to the Home covered by this purchase agreement. In the event of default by the Purchaser under this purchase agreement, which defaults continues for ten days after notice of such default from the Seller to the Purchaser, the down payment may be released to the Seller 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 Seller cannot convey title to the Home, all monies advanced by the Purchaser hereunder shall be returned to the Purchaser, with interest, if any.

12. The existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided the Seller shall deposit a sufficient amount with the title company so that said company shall be willing to insure against collection of same from the property herein described. The parties agree that the Seller may pay and discharge liens and encumbrances upon the property, not provided for in this agreement, out of the monies to be paid by the Purchaser at the time of closing title.

13. It is expressly understood and agreed that the Purchaser shall in no event take possession of the premises prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this agreement, and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove him from the premises as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and upon such election, the amount paid hereunder shall belong to the Seller as liquidated damages. It is further understood and agreed that the Seller will not be responsible for damage of loss to any property belonging to Purchaser whether same is delivered to the property prior to, on or after the date of the delivery of the deed.

14. The Seller's liability under this agreement for failure to complete and/or deliver title for any reason other than Seller's willful default, shall be limited to the return of the money paid hereunder, with interest, if any, and upon the return of said money, this agreement shall be null and void and the parties hereto released from any and all liability hereunder. In any event, the Seller shall not be required to bring any action or proceeding or otherwise incur any reasonable expense to render the title to the premises marketable or to cure any objection to title.

15. Anything to the contrary herein contained notwithstanding, it is specifically understood and agreed by the parties hereto that the acceptance of the delivery of the deed at the time of the closing of title hereunder shall constitute full compliance by the Seller with the terms of this agreement and none of the terms hereof, except as otherwise herein expressly provided, shall survive the delivery and acceptance of the deed. All representations contained in the Offering Plan shall survive delivery of the deed. The parties hereto do hereby agree that trial by jury in any action, proceeding the counterclaim arising out of or from this agreement is hereby waived.

16. At the closing of title the Seller will deliver the

usual certificates and it is further agreed that title will not close until a temporary or permanent Certificate of Occupancy has been issued covering the Home or the building in which the Home is located. The provisions of this paragraph shall survive the closing of title and the delivery of this deed.

17. The Seller agrees, at its own cost and expense to erect and complete the aforementioned Home in accordance with the requirements as to materials and workmanship of the Building Department of the Town of Fallsburg and with the requirements of the lending institution which (a) make changes or substitutions of materials or construction for items set forth in the Offering Plan or Building Plan provided any such changes are of comparable value and quality and are required and/or approved by the lending institution; (b) determine the grading, elevation and design (including reversal of the building layout) of all Homes, garages and yards to fit into the general pattern of the community; and (c) determine elevation and location of foundations, walkways and streets to conform with topographical conditions.

18. It is further agreed that wherever the Purchaser has the right to make a selection of colors, fixtures and/or materials, he shall do so within ten (10) days after written demand therefor. In the event the Purchaser fails to make such selection within such period, the Seller shall have the right to use its own judgment in the selection of colors, fixtures and materials and the Purchaser shall accept the same. Such written demand shall be by ordinary mail addressed to the Purchaser at the address herein set forth.

19. Purchaser agrees to deliver to Seller all documents and to perform all acts required by the Seller to carry out the provisions of this agreement, the Offering Plan and to conform to the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

20. The Seller shall be required to erect the Home and all utilities or systems necessary to support normal occupancy thereof within a period of four (4) months from the date the Purchaser executes this agreement. In the event the Seller shall be unable to convey title to the Home on or before four (4) months after the date fixed for the delivery of title as set forth herein, except for the Purchaser's default, the Purchaser shall have the option to cancel this agreement and to have this down payment advanced by him returned without interest, if any.

21. The parties agree that the stipulation and agreements herein contained shall be binding upon them, their respective heirs, executors, administrators and/or assigns. The Purchaser agrees that he will not record or assign this agreement or any of his rights hereunder without the written consent of the Seller. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address above given or at such address as either party may hereunder designate to the other in writing.

22. Manufacturer's warranties covering the heating and air conditioning systems and appliances as well as contractor's warranties against defects in workmanship and materials from the roofing, plumbing, heating and air conditioning contractors covering the Home or applicable Common Areas will, to the extent made by such manufacturers and contractors and to the extent they are assignable to the Purchaser or the Association, will be delivered at the time of title closing. In addition thereto, the Seller will deliver to the Purchaser at such time, an agreement to the effect that the Seller will promptly correct any defects in the construction of the Home, or in the installation or operation of any mechanical equipment therein, due to materials or improper workmanship substantially at variance with the plans and specifications, provided, it is notified of such defects in writing by certified mail within one (1) year from the date of title of closing, and liability thereunder shall be limited to repair or replacement of defective parts. This paragraph shall survive the closing of title and the delivery of the deed.

23. Purchaser shall not be obligated to close title hereunder until the following facilities are in operating condition:

- Indoor Pool
- Outdoor Pool
- 5 Tennis Courts
- Handball Courts
- Synagogue with lobby and bathrooms

Balance of recreational facilities will be delivered in accordance with the provisions set forth in the Offering Plan and Declarations.

24. Any extras or changes ordered by the Purchaser must be signed for and paid for in full at the time of such order. If for any reason Seller fails to install such extras in accordance with the work order, Seller's sole liability shall be to return the monies paid by Purchaser for such extras.

25. Purchaser agrees that the unit cannot be re-sold without first offering the Board of Directors the right to buy at substantially the same terms.

26. If the closing under the terms of this Contract occurs prior to July 1, 1984 then Purchaser shall pay Seller an adjustment of real estate taxes at the closing based on a sum of \$750.00 for the taxable year commencing with July 1, 1983 and ending June 30, 1984. It is understood that there will be no further liability for real estate taxes against this lot charged to Purchaser for the period commencing July 1, 1983 to June 30, 1984.

27. The parties agree that no broker brought about this sale and Purchaser agrees to indemnify Seller against any claim brought for brokerage based upon Purchaser's act.

28. If two or more persons are named as the Purchaser herein, any one of them is hereby made agent for the other in all matters of any and every kind or nature affecting the premises herein

or this agreement.

This agreement states the entire understanding of the parties and the Seller shall not be bound by any oral representations and/or agreements.

VCV DEVELOPMENT CORP.

BY: _____

Purchaser (L.S.)

Purchaser (L.S.)

ALVIN ADLER, P. E.
CONSULTING ENGINEER
P. O. BOX 906
WOODRIDGE, NEW YORK 12788

TELEPHONE
(814) 434-8300

ALVIN ADLER, P.E.
CHARLES V. WALLACE, P.L.E.
LOUIS F. PUGLIANI, P.L.E.

June 2, 1983

N.Y.S. Department of Law
Real Estate Financing Bureau
2 World Trade Center
48th Floor
New York, New York 10047

RE: VACATION VILLAGE
HOMEOWNERS ASSOCIATION INC.
LOCH SHELDRAKE, NEW YORK

Dear Sir/Madame:

The enclosed is my report on the conditions of
the subject property.

Very truly yours,



Alvin Adler, P.E.

AA:cm
enclosure

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(A) Location

The property is located in the foothills of the Catskill Mountains in the approximate center of the Town of Fallsburgh. Fallsburgh is one of 15 townships in the county of Sullivan. This township is one of the three active resort townships in the County. These make up the Golden Triangle. The others being the Town of Liberty and the Town of Thompson. These other two townships are immediately adjacent to the Town of Fallsburgh. The property is located approximately 100 miles Northwest of New York City. The entire site is located within the Hamlet District of Loch Sheldrake, a community in the town of Fallsburgh. Located in this community and immediately opposite the entrance to the development is the entrance to the Sullivan County Community College. This is a Community College with an attendance of approximately 1,000 students. Immediately adjacent to the property of Vacation Village on the South is the Town of Fallsburgh Golf Course called Lochmor. This golf course is open to the residents of the Town of Fallsburgh. Adjacent to the Lochmor golf course is the Town Park called "Morningside Park" with a rather large lake that is down stream of the Evans lake which is located on the property. There are other recreational facilities in the immediate area including additional golf courses, bowling alleys, horse racing, and skiing.

(B) Site

The property covers an area of 139 acres of which 30 acres is a lake. It is a rolling parcel, all of which drains from the highest part of the property that contains the indoor swimming pool and community building with other recreation facilities, toward the lake. The site has grades that runs from gentle to severe. The development has left the steep or severe sites, which are

heavily wooded alone to provide green buffer belts.

1). DRAINAGE/ROADS

The proposed drainage for the parcel is by means of open ditches along the roadways with corrugated metal culverts that cross roadways where necessary. By means of swales and open ditches the water will be brought down the mountain toward the lake. Drainage easements will be taken so as to provide an area for the maintenance of service drainage. The streets are to be dedicated to the Town of Fallsburgh and will meet Town of Fallsburgh specifications. This involves a paved area of 20 feet with two 5 foot shoulders. The width of the parcel dedicated to the town for highway purposes is 50 feet. The town will maintain the roads and the drainage facilities. Immediately adjacent to the town roads are driveways and parking areas that are to be owned and maintained by the Homeowners Association. The width of the driveways is 18 feet and these are to be paved with 3" asphaltic concrete. They are placed on approximately 12 inches of bedding material. The parking lots are also to be maintained by the Homeowner's Associations and consist of a minimum of 8 inches of bedding material with the top of 2 1/2 inches of asphaltic concrete. All of the parking areas are a minimum of 60 feet in depth so as to allow parking on either side of the lot. The lengths vary with an allowance being made of approximately 10 feet per car. It is intended to maintain a minimum of 1 1/2 parking places per dwelling unit.

2). CURBS

There is no curbing necessary in the development, and in the parking lots or roadway guiderails will be erected where necessary.

3). CATCH BASINS

The catch basins are installed as required only when the grade necessitates a

headwall in catch basin. In general the project is attempting to avoid the actual catch basins as the maintenance factor can be held to a minimum.

4). LIGHTING

The street lighting is provided by a lighting district. Each of the individual Homeowners has added to their tax bill a factor computed by the town of Fallsburgh. This town lighting district pays the New York State Electric and Gas Company for maintaining and keeping the lights in the district on. The administration being done by the Town of Fallsburgh and the taxes being paid by the individual Homeowner. The individual homes all will have lights on the exterior. In addition, the Homeowners Association will maintain pedestrian lighting along the walkways. These are set at an approximate 75 foot interval to present pedestrian lighting.

5). DRIVES, SIDEWALKS, AND RAMPS

The various sidewalks and ramps necessary for regular traffic or pedestrian traffic in the development is being maintained by the Homeowners Association. These sidewalks are to be 4 feet wide as standard with isolated instances where they would be narrower. These are all set on drained base material and the pavement is 2" of asphalt concrete.

6). SWALES

The necessary swales and ditches to carry water away from the sidewalks and necessary culvert pipe so as to drain the water under the sidewalks are being installed.

7a). SUB-SOIL CONDITIONS

The areas that contains the houses in groups M,N,P,R,S,T,U & V called the lower area and the Town House Section are Wellsboro and Wurtsboro extremeley

stony soils are deep, moderately well drained medium textured, acid soil developed in glacial till. They are nearly level through sloping soils on glaciated upland till plains, and valley sides. These soils have approximately 3 to 15 percent of their surface covered with stones larger than 10 inches in diameter. They have about 2 feet of friable, moderately permeable gravelly fine sandy loam through gravelly silt loam with mottles in the lower part, over a firm, slowly permeable gravelly fine sandy loam through gravelly silt loam fragipan. The upper area of Homes has a classification of Arnot-Oguaga channel silt loams, very rocky consists of shallow and moderately deep, well to excessively well drained, medium textured acid soils and bedrock outcrops. The nearly level through steep unit occurs on glaciated bedrock controlled land forms in the uplands. Bedrock outcrops occupy about 10 percent of the surface. This unit has areas with 1 to 1 1/2 feet or 2 to 3 feet of friable, moderately permeable shaley or channelerly silt loam over shale or sandstone bedrock and areas of bedrock outcrop.

7b). BEARING CAPACITY

The minimum load bearing capacity of the soils in the area have been found to exceed two-tons per square foot. This is more than enough bearing capacity for the one or two story structures being erected thereon. Prior to each individual building being placed an examination is made of the site by the building contractor. When there is a question of material on the site a call is placed to the consulting engineer who is on call to examine the individual site where requested.

7c). GROUND WATER

In general the ground water table is down approximately 4 feet plus. However, there are instances whereby the cutting into the hillside has provided some seepage. The various building are all back filled with porous material that leads the water down to sub-surface drainage around the perimeter of each dwelling. This sub-surface drainage is adequate for the type of seepage found, and at this time no other preventative action would be necessary.

7d). FLOOD PLAIN

The proposed project is not located within the Flood Plain as indicated by the Housing and Urban Development maps of Flood Plains and no further action has to be taken.

8). LANDSCAPING

Due to the extensive bulldozing necessary for the development and construction of a new project there will be a considerable amount of upheaval of a native cover. It is intended to leave as many of the natural trees where possible on the site. Other sections of the ground covered will have the top soil placed back and grass will be grown around any of the areas that might be susceptible to erosion. Other areas with different landscape design requirements are to be wood chipped or to be left in what appears to be natural condition.

There are no fences to be constructed on the site of the homes with the exception of the swimming pool areas and tennis courts. There is no intention of building retaining walls on the site with the exception of the walls that may possibly exist at the recreational area.

The lawns, shrubbery, walkways and other recreational areas already installed has been growing for these many years. The maintenance and cutting of the grass and shrubbery will be done by a maintenance company that has to be under the control of the Homeowners Association.

C). UTILITIES

1). WATER SUPPLY. The water supply for the development is a municipal operated water supply system with 8" water mains, fire hydrants, and maintenance by the Loch Sheldrake Water District, Town of Fallsburgh. The water supply system is from wells and the main storage tank is located just opposite the Sullivan County Community College Property. This system is tied into approximately seven other wells of the Town of Fallsburgh and interlocked so in the event there is any difficulties each district of the Town of Fallsburgh can pump into the neighboring district and provide water. Water meters are installed in each home and billing is to the individual. Water used in the recreation area is billed to the Home Owners Association.

2). SEWAGE DISPOSAL SYSTEM: The Town of Fallsburgh has a sewage disposal plant in the hamlet of Loch Sheldrake. Immediately adjacent to the subject property are town sanitary sewers. It is proposed to hook into the sanitary sewer system

of the town sewer district. The maintenance of the sewers and man-holes and their ultimate treatment will be done by the Loch Sheldrake Sewer District, division of the Town of Fallsburgh Governmental Administration. The quality of the sewerage treatment meets the latest environmental requirements of the New York State Department of Conservation and the Federal EPA. The employees are employed year round on the sewerage disposal system and they all work for the Town of Fallsburgh. Billing is to the individual home owner based on the water used. Sewage produced in the recreation area is billed to the Home Owner's Association.

3). ELECTRICAL SERVICE: The electric service to the site is provided for, maintained, by the New York State Electric and Gas Corporation. They have offices in Liberty and Monticello New York. The individual Home Owners will have separate meters to be provided so as to facilitate the billing and accounting to each individual Home Owner. The public or common area will be metered and paid for by the Homeowner Association.

4). TELEPHONES: The telephones are serviced by the New York Telephone Company. Underground wiring is provided throughout the community and service is provided to each individual residential dwelling. The individuals will pay for the service as necessary and as used. The billing is by the New York State Telephone Company. Their offices are located in Monticello, New York. Any public pay phones located in the recreational area buildings will either be the responsibility of the Homeowners Association or if located in the restaurant would be the obligation of the tenant.

c). SEWERS: The sanitary sewerage system located on the premises consists of 6" PVC pipe. The rating is SDR 35. The sewerage disposal system is all gravity feed to various concrete manholes which have cast iron tops. All of the manholes and pipes meet the Town of Fallsburgh standards and are to be maintained by the Town of Fallsburgh through the Loch Sheldrake Sewer District. The final effluent in the project leads to a duplex installation of 2 sewer pumps which have a capacity of 300 gallons per minute with 50 of head each. The force main is a 6" class 125 pipe that leads to the Loch Sheldrake sewer district manhole and the sewer disposal plant. This plant is a public plant as mentioned before with treatment by the Loch Sheldrake Sewer District.

d). GOVERNMENTAL PERMITS REQUIRED:

- a). The New York State Board of Fire Underwriters will inspect the electrical equipment on the individual homes and the recreational area equipment and a certificate will be issued on each inspection.
- b). The Town of Fallsburgh Building Inspection, under the New York State Building Code will issue a C.O. for each new dwelling constructed. The C.O. will indicate that they meet the New York State Building Code and The New York State Energy Code requirements. This is a Certificate of Occupancy.
- c). The approval of the Town of Fallsburgh Planning Board has been obtained for the construction of the project.
- d). The New York State Department of Health will inspect the recreational

area pools and a permit is issued for the operation of these pools.

The operation of a restaurant on the premises would be inspected by the New York State Department of Health and a certificate would be issued to the operator of the restaurant. The Health Department permits are issued yearly until several years of experience have been accumulated and then they can be issued every three years.

e). The New York State DEC approves the design of the sewer disposal collection system.

f). The DEC stream crossing permits are to be obtained.

E). THE STORM DRAINAGE SYSTEM: The Storm drainage system is taken care of in the design of the road system which is primarily surface drainage to culvert pipes that lead under the roads and take the water from the storms drains to the lakes. The swales are lined in the steeper areas with asphalt or stone riprap. The flatter areas are just kept in grass. It is not anticipated to have any ejection pumps or sump pumps necessary on the project in the individual homes.

F). REFUSE DISPOSAL:

The various individual areas and parking lots will have on one side of the lot a pick up point consisting of a very large container that private carters who are the sub-contractors to the community will pick up the garbage. The fees charged for the service is approved for by the Town of Fallsburgh Town Board. The garbage is hauled from the site to an approved Sullivan County Land Fill site. Any pick up in a residential community such as this would be between two to three times a week. The commercial property or the restaurant up at the

reational area would have a daily pick up.

GARAGES AND PARKING AREAS: There are no indoor garages and the parking areas are described in the earlier paragraphs describing the road. The location of the parking areas are shown on the site plan.

WATER SUPPLY: The water is supplied by the Town of Fallsburgh Water District in Loch Sheldrake. This water supply is through 8" PVC Mains, Class 5. There are fire hydrants in the areas of the various homes. All of the fire companies locally depend on pumpers to fight fires so that when the water supply is available as in this case the required pressure is boosted by the fire company. The water pressure and water storage tanks are maintained by the Town of Fallsburgh Municipal System.

RECREATION FACILITIES:

1. Main Swimming Pool

The main swimming pool on the premises is a rebuilt night swimming pool measuring 45 feet with 100 feet depth in addition to a 15 foot x 45 foot Kiddie pool. There is a diving area at one end of the pool being 8' x 6" deep with a concrete walk around the perimeter. The dual filter system are cartridge type Harmsco filters with separate pumps and chlorinators. Each one servicing one half of the swimming pool. The enclosure of this area is a 4 foot chain link fence with a self closing, self latching gate. The 2 filter's have 900 square feet of filter area and each of the two pumps produce 328 gallons/minute against 50 feet of head.

The pumping, filter system and chlorination equipment is all NSF approved and the design of the system is being approved by the New York State Department of Health under whose local authority its approval lies. There is only one

diving board at present with ladders at the deep end of the pool.

2. Indoor Pool.

The indoor pool enclosed in a building is 25' x 50' and 8' x 6" deep.

3. Tennis Courts: There are 5 tennis courts with asphalt, tops installed on the premises. These courts all drain surface water to sides. The playing surface of the courts are 36 x 78 with 12 feet of area at the edges of courts a 6 feet between courts. The length of the court is 120 fence to fence.

The tennis courts are protected by 10 feet high chain link fences. No provision is made at present for night lighting.

DESCRIPTION OF BUILDINGS

General

The Clubhouse Building and the Indoor Pool were part of the former Evans Hotel Complex which closed operations in 1976. The remaining buildings are demolished or slated for demolition. It appears that the buildings remained closed without maintenance to the present time. The buildings are presently undergoing extensive refurbishment in preparation for their re-use of new uses.

J. Building Description

1. Former Nightclub Building

A. General Description

1. This building comprises of one story and part crawl space, part lower level - The first story contains the Night Club, a separate Bar, a lobby with pillars and restaurant with kitchen and staff quarters portion. The staff quarters has an additional two stories. The lower level comprises of about half crawl space, some finished spaces and some partially finished spaces. The overall size is approximately 180 feet by 130 feet and the height at the highest point of the roof from the ground is approximately 36 feet. There is no Certificate of Occupancy. There were no requirements for a C.O. at the time of construction of the buildings. It is apparent that the building was erected in several parts, including the enlargement of the playhouse about 1950, and the additional of the bar about 1960. The sequence of construction of the older parts such as the staff quarters portion which was incorporated as part of the main building at an earlier cannot be ascertained from the information available. Areas of Public Assembly to conform with Fire Safety Standards for Areas of The Public Assembly Law. The Local Building Inspector to make on site recommendations regarding fireproofing of construction exposed during renovations. A fire alarm system and a fire and smoke detection system to be installed at Night Club Building as per Part 7.1. of The New York State Health Department Regulations.

Use

Former Use and Intended Use.

1. First Floor

a. Night Club Area was the main playhouse of the hotel. It will now be used as a main club gathering space and night club. We estimate that the occupancy was approximately 850 persons. It is intended that this occupancy will not be exceeded.

b. Lobby Area serves as a main entrance to the building and gives access to all main spaces including the men toilets; three water closets, 3 urinals and 3 lavatories and the women toilets; 4 water closets and lavatories. Toilets will be re-used. From the existing lobby, it is intended to build a new convenience wood stair to provide direct access to lower level.

c. Former bar contained a counter, seating areas and a stage. Intended use will be a synagogue with proposed seating for approximately 200 persons.

d. Former Restaurant and Kitchen. The proposed use of this space will be as a leased concession. The space will be used as a snack bar and restaurant with table seating. The kitchen also serves the rear of the Night Club space. The estimated maximum occupancy will be approximately 150 persons. Kitchen is approximately 30 feet by 28 feet. All existing equipment was removed. This space will be re-used as a kitchen. New kitchen if any to conform with Department of Health regulations.

e. Staff Quarters. This space at the first story as well as the upper two stories will be primarily re-used as seasonal residents for concession related persons. Spaces in this building may also be used for other purposes. Access to this space from interior is through concession restaurant. Layout is similar at 3 stories. A 4 foot corridor the length of the building serving individuals rooms and one bathroom facility each.

2. Lower Level. The lower level of this structure is at ground level at north part of the building,

a. The finished portions of the lower level are 1) a Children's room at S.E. corner of building below east end of Lobby with direct access to grade and perimeter 30" high windows. Size is approximately 400 square feet with adjacent internal spaces of approximately 400 square feet, 2) a totally internal Game Room of approximately 1500 square feet. Both of these spaces will be accessible from new convenience stair described above. It is intended that these spaces will be re-used as recreational rooms --A new secondary access will be provided at east side of building.

3. The unfinished portions of the lower level are predominantly variable height crawl spaces or unfinished lower spaces. A portion of the lower level on the north end beginning at east side and ending at approximately 60 feet from the west end for a total of approximately 2000 square feet; is proposed as subdivided future lease commercial space, accessible from parking area only.

C. STRUCTURAL SYSTEMS AND CONSTRUCTION CHARACTERISTICS.

1. In general all portions of this building are Frame Non-Fireproof construction. The main load bearing structure as well as some intermediate framing is structural steel. The roof over the Night Club and Restaurant appears to be five foot high wood trusses at sixteen feet intervals.

2. The entire Night Club ceiling, the Bar ceiling, the Restaurant ceiling and the Lobby ceilings were covered with a scratch coat of plaster and/or dry wall and covered with approximately 1 1/2" coat of sprayed asbestos and asbestos tile. The asbestos coatings and most of the tiles have been removed and the all the ceilings are intended to be sheathed with new dry wall.

3. Most of the first floor is of frame construction bearing on columns which in turn bear on individual foundation piers. At several locations at Restaurant the floor has sagged. Columns

have to be reset or replaced; framing to be shored up and connections replaced. These repairs should be inspected by an architect or structural engineer.

4. Walls. Most of the exterior walls are non-bearing frame construction and stucco--at upper roof area wall portions appear to be wood siding. Lobby north wall is a aluminum and glass store front and textured concrete block with glass block inserts. The exterior walls are in fair condition. The interior walls are wood frame and dry wall construction in fair to very poor condition. Exist interior walls are being repaired and sheathed with dry wall as required.

5. Doors. Main doors to Restaurant and Bar are aluminum and glass 5 ft. wide with glass transoms, doors to Night club are wood - 9 ft. opening. Other interior and exterior doors are mostly painted wood. The doors are in fair to very poor condition.

6. Windows. Windows throughout are wood double hung, single glazed in varying configurations of movable sash and fixed glass sections. All have wood sills and storm sashes. The windows are in general in poor condition. The broken glass has been replaced recently. Other types as follows: The Night Club and the Bar have wood awning crank operated windows in fair condition. The Lobby has aluminum frame supported glass panes. These are in fair condition. It is intended that all windows are to be re-glazed as required, repaired, made operable and painted.

7. Roofs. The roofs have been recently replaced with built-up roofing utilizing mopped felt. All flashing has been repaired. There is no insulation.

8. Interior Stairs. There are no interior stairs at the main building. There is an unenclosed wood stair at the staff quarters, from first story too third story serving hallways. The proposed convenience stair connecting the first floor and lower level is intended to be wood framing, approximately a 10 inch wood tread and 8 inch risers.

9. Exterior Stairs. There are poured concrete platforms and steps at main Lobby Entrance and covered poured concrete steps down to lower level Childrens Area; new replacement steel construction stairs are required at the north entrance of the Night Club from First Floor and grade. Replacement steel construction stairs are also required as a secondary egress at kitchen area. It is intended that these stairs be 3 foot wide minimum and have minimum 3 foot by 5 foot platforms and continuous railings on both sides.

10. At the north end of the existing Game Room there is a stone fire place. It cannot be determined if it is in working order. Prior to use the chimney, flue and damper must be inspected and tested and any repairs needed be made by experienced fireplace subcontractor.

2). Indoor Pool Building

A. General Description

This building is one level. It is divided into two parts; the main building that houses the indoor pool and the secondary building which contains the related facilities. Originally this structure joined the lobby of the main hotel building at ground level. As part of the demolition of the main hotel building a part of the secondary building was removed.

The present overall size is approximately 53 feet by 160 feet. The height at the highest point of the roof from the ground is approximately 25 feet. The indoor pool will accomodate approximately 100 people at any given time. See letter of Edwin D. Silvers, P.E., 26 North Street, Middletown, New York 10940 - Exhibit A.

B. Use

This building is primarily used for swimming activities. In addition to the pool there is a mens and womens toilet, a sauna room, general purpose and exercise room and a new wood deck.

C. STRUCTURAL SYSTEMS AND CONSTRUCTION CHARACTERISTICS.

1. The structural system of the main building is laminated beam girders in a configuration forming two 'A' frame portions with a common cross ridge beam. The laminated beams that go to the ground bear on pier-footings of poured reinforced concrete, and are connected with steel plates and 3/4" anchor bolts. The girders are spanned with approximately 4" tongue and groove roof construction. The floor is slab on grade.

2. The secondary portion of the Building is a flat roof frame construction with structural steel framing system made up of steel columns and girders and wood beams. The columns and the perimeter wall bear on a foundation wall and footing with a 3 foot high crawl space. Portions of the finished ceiling is tongue and groove wood planking.

Wood Deck

3. The new wood deck at the east side of the building is approximately 18 feet by 93 feet. It is constructed of weather treated wood, 2 by 6 wood planks on 2 by 12 framing bearing on 6 x 6 posts on poured piers. A 3 foot high railing and two access stairs will be built.

4. Walls. A new wall at the open end (deck side) demolition portion was built to enclose the space. This wall is frame construction and is clad on the exterior with 3/4 inch plywood, panel plywood siding will be added. Two 6 foot sliding doors will be installed in this wall.

The interior walls are frame construction with dry wall. The existing walls are in fair condition.

5. Doors and Windows. The doors and windows of the Main Building are part of a continuous aluminum and glass modular exterior wall. They are glazed with 1/4 plate glass. Broken panes have been re-glazed. The glass sizes varies from

approximately 3 feet by 5 feet to 3 feet by 15 feet. It is recommended that a continuous safety rail be built at approximately 3 feet high at the interior perimeter of the main pool building. There are 3 foot doors at extreme west end of the building and two double 2'6" doors at the east end of the building. The condition of the aluminum and glass systems are good.

The secondary building as follows:

The exterior doors are aluminum and glass, one at the north side, a 3 foot door and a double 2'6" doors at the south side are proposed.

The interior doors are solid core wood doors. The windows are generally single glazed double hung wood windows in fair to poor condition.

6. Roofs. The gable roofs are 3-tab asphalt shingles. The valley gutters are flashed in copper. The entire roof was recently repainted and flashing repaired.

7. Pool. The pool is approximately 50 feet by 25 feet and 8-1/2 feet at its deepest point. It is a gunite pool of approximately 6 inch material uniformly. The concrete deck surrounding the pool is 6 inch.

It is intended that the pool be evaluated and under as a complete coating and overhaul of filter systems by a reputable pool subcontractor.

The recreation buildings and area at Vacation Village consist of several items. One is a large building that contains the original night club which is still to be used as a night club and coffee shop. Attached to this building is a building that had served as a bar and which is now being rebuilt into a synagogue. The rear section of the building is a three story building that had numerous rooms which is being converted ultimately into various and sundry rooms such as art rooms, sewing rooms and miscellaneous club rooms, as required.

K. Electric Main

The electric service coming into the area is a 4,800 volt high line tied into the New York State Electric & Gas Company line just off the premises. The high line and pole, which is located about 75' away from the recreation building, is owned and maintained by the Home Owners Assoc. The transformer on this pole is the property of and is operated and maintained by the N.Y.S.E.&G. Co. The transformer steps down the voltage so that three phase current at 220 volts is available.

1. Building Electric Panels

The main coming into the three story section of the building drops into a three phase 400 amp 220 volt main disconnect located in the basement of the building. From here it feeds out to the various branches including a 400 amp single phase panel located on the third floor of the original helps quarters building. The three phase main located in the basement breaks out into five (5) separate sub-mains which take care of the various air compressors, blowers, and water tower. The 400 amp main located on the third floor of the building breaks out into several more sub-mains. There was another 200 amp main taking a number of lighting circuits off the building with a double pole double throw switch. The purpose of this would be to allow an outside generator to be hooked up to the system and provide electricity in the event there is no electricity being provided by the electric company. Another disconnect located next to this was a 100 amp main that feeds various and sundry circuits. There are 18 additional circuits feeding from this 100 amp main. This break down of mains is in the area that feeds the coffee shop and other parts of the building.

At the rear of the night club is a projection room that handles the lighting equipment. There is a sub-main that consists of two four circuit sub panels. The controls for attic fans are located in the projection room. The purpose of these attic fans would be to exhaust hot air from the attic area during the summer months so as to lighten any air conditioning load in the night club.

At the rear of the stage area is the night club lighting panels. This panel has a 100 amp main with 20 circuit panel adjoining it. Attached to this is a fuse and switch panel that controls 12 fuses and 12 switches that actually control the various types of the stage lighting.

The lower portion and rear of the night club has a 16 fuse panel for additional circuitry to what had originally been a night club many years ago and would again be used for the construction of miscellaneous stores, such as beauty parlors, etc.

L. Air Conditioning

The proposed synagogue area has a ten ton air conditioner standing in one corner of what had formerly been the bar to handle only this room. The compressor has been off and there is no way of testing it, however, it would have to be tested and in operating condition prior to it's being returned to service. The duct work leading from this unit runs the length of the room and has grills discharging the air conditioned air to the synagogue room. The return air is in the base of the unit which is standing in the corner of a room and is concealed. Controls for this unit are immediately adjoining it.

The night club area is cooled from a 50 ton compressor located in the basement of the night club. The duct work has been run up

through the projection booth and across the ceiling of the night club area. All of the duct work is insulated. The location of various anemostats are strategically placed throughout the room so as to provide optimum cooling. This air conditioning also covers the coffee shop which is immediately adjacent to the night club. A damper control can divert some of the air conditioning load from the night club to the coffee shop as the crowds change their destination during the evening. The air handlers are located close to the large air compressor as is the water tower. This water tower, with it's pumps, is also located in close proximity to the 50 ton compressor. Behind the aforementioned compressor is a gas fired Lennox heater, Model GSD1-360-DM, with an input rating of 360,000 BTU per hour and an output rating of 288,000 BTU per hour for use with LP gas. This heater should produce enough heat for operation of the club from Decoration Day to Thanksgiving. It is not intended to have this heater operate during the winter months, but rather to take the chill out of the club, particularly during off season cool days.

Located below this coffee shop is another Lennox heater. This being a model GSD1-120DM which produces an input of 120,000 BTU per hour and a net rating of 96,000 BTU per hour. This is for the use of coffee shop area. This heater is tied into an air handler unit which had a separate compressor if it required to provide air conditioning also in the coffee shop area.

M. Hot Water

The hot water being made in the building, at one time had a rather large boiler that is no longer operable. It is intended to install a 80 gallon gas fired glass lined hot water heater for usage by members desiring warm water in the bathrooms of the night club. This should provide sufficient domestic hot water for the washing of hands in these public areas. This unit would produce a storage tank of 80 gallons and a recovery rate of approximately 40 gallons per hour.

N. Indoor Pool

The 100 amp electric main is located in the indoor pool for usage for the lighting and motor loads in this building. The gas fired 400,000 BTU heater produces the hot water for taking the chill out of the pool water. This would raise the temperature from the incoming water of approximately 55 degrees to the desired water temperature of 75 degrees to 80 degrees Fahrenheit. The filter system itself, consists of two Harmsco cartridge filters Model BF126. The 1 1/2 hp electric motor is capable of recirculating the swimming pool water with a six hour turn over rate. The chlorination of the swimming pool is to be done by the usage of a Liquid Metronics Model A111-91 chlorinator for chlorination dispersal. A redwood sauna is located in the pool building. The sauna is operated electrically, whereby volcanic stones are heated in the sauna room and the dropping of small quantities of water produces steam. This is an existing unit with the data information missing, however, it also will be rebuilt so as to be operating properly.

2.

Outdoor Pool

The outdoor pool is at present, under construction. The final size of the outdoor pool will be 45' x 100' with a 15' x 45' kiddie pool. The outdoor pool will accomodate approximately 417 persons at any given time. The outdoor kiddy pool will accomodate approximately 54 persons at any given time. See letter of Edwin D. Silvers, P.E., 26 North Street, Middletown, New York 10940 - Exhibit A. This pool will have a six hour turn over which will require the usage of two Harmsco Model BF900 cartridge filters and two individual pumps capable of producing 328 gallons per minute at 50 feet of head each. The recommended pump was a Marlow 3B-EC-C2. This pool will be operated from two separate halves and two separate and independent systems. This therefore will require two chlorination systems each with the same model A111-91 chlorinator by Liquid Metronics or equal.

EDWIN D. SILVERS, P.E., L.S.
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SUITE 44

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

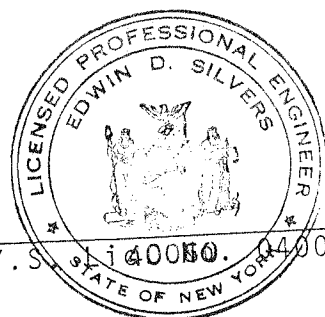
To Whom It May Concern:

New York State Part 6 indicates that each bather requires 25 square feet of pool water surface (6.24).

New York State Bulletin 31 indicates that "in most instances 50 per cent of the bathers utilizing public swimming pools are not in the pool at any one time....." (P. 10).

I would interpret the pool capacity for this project as follows:

| Pool | Area S.F. | # of Bathers Allowed in Water | Capacity of Pool Area |
|-------------------------------------|--------------|----------------------------------|--------------------------|
| I. Indoor | 1250 | 50 | 100 |
| II. Outdoor | 5220 | 208.8 | 417 |
| III. Kiddie | 675 | 27 | 54 |
| MAXIMUM TOTAL USERS AT ANY ONE TIME | | | 571 |



EDWIN D. SILVERS, P.E. N.Y.S. 140050. 040060

9/1/83