
OFFERING PLAN
THIS OFFERING PLAN RELATES SOLELY TO
MEMBERSHIP IN
VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION, INC.

AND TO THE DECLARATION OF COVENANTS AND RESTRICTIONS
APPLICABLE TO ALL 90 HOMES SOLD AT

Village Fairgrounds
Located at Old Route 9W
Village of West Haverstraw
Town of Haverstraw
Rockland County, New York 10993

APPROXIMATE AMOUNT OF OFFERING: \$300,000
(Cost of Common Properties and Facilities
Included in the Purchase Price of the Homes)

SPONSOR:
Fairgrounds, Inc.
77 Maple Avenue
New City, New York 10956

SELLING AGENT:
Fairgrounds, Inc.
77 Maple Avenue
New City, New York 10956

DATE OF THE OFFERING PLAN: MARCH 6, 1987

THIS PLAN MAY NOT BE USED AFTER MARCH 5, 1988, UNLESS EXTENDED BY
AMENDMENT.

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

Amendment No. 1

to the Offering Plan

Premises:
Village Fairgrounds
Located at Old Route 9W
Village of West Haverstraw
Town of Haverstraw
Rockland County, New York 10993

The Offering Plan for Membership in Village Fairgrounds Homeowners Association, Inc., dated March 6, 1987 is hereby amended as follows:

1. Selling Agent

The Selling Agent for the sale of Homes at Village Fairgrounds has been changed. As of the date of this Amendment the Sponsor, Fairgrounds, Inc., will act as its own Selling Agent.

2. Recording of Declaration

The Sponsor has recorded the Declaration of Covenants, Restrictions, Easements, Charges and Liens dated October 7, 1987 in the Office of the County Clerk of Rockland County, New York. The Declaration was recorded on October 23, 1987 at Liber 261, page 913.

3. Escrow Funds

The section of the Offering Plan entitled "Trust Funds", page 20, and the Purchase Agreement, page 70, are hereby amended to change the bank in which all downpayment monies will be held. All downpayment monies received by Sponsor will be held in The Savings Bank of Rockland, 155 Main Street, Nyack, New York 10960. As recited at page 20 of the Offering Plan, the signature of Jerome Johnson, Esq. of Johnson, Johnson & Tanz, 53 Burd Street, Nyack, New York 10960, will be required to withdraw any of such funds.

4. General

Other than as set forth above, there are no material changes which require an amendment to this Offering Plan.

FAIRGROUNDS, INC.
Sponsor

Dated: January 25, 1988

**AMENDMENT NO. 2
TO THE OFFERING PLAN**

**Premises:
VILLAGE FAIRGROUNDS
Located at Old Route 9W
Village of Haverstraw
Town of Haverstraw
Rockland County, New York 10993**

The Offering Plan for the memberships in Village Fairgrounds Homeowners Association, Inc. dated March 6, 1987 as amended by Amendment No. 1 dated January 25, 1988 is hereby further amended as follows:

1. New Address for Sponsor

The Sponsor has relocated its offices to 77 Maple Avenue, New City, New York 10956.

2. Updated Budget

An updated operating budget for a first year of operation commencing August 1, 1989 together with footnotes thereto is annexed hereto as Exhibit 1. A certification of such budget is annexed hereto as Exhibit 2. The monthly Maintenance Charges have decreased from \$63.41 per Home to \$53.44 per Home.

3. Board of Directors

Ethel Piacentile has resigned as a director of Village Fairgrounds Homeowners Association, Inc. and has been replaced by Kenneth Bergstol, 506 Tudor Hill, Spring Valley, New York 10977.

4. Limited Warranty

The New York State Legislature recently adopted Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new Homes. This new law is applicable to all Purchase Agreements entered into on or after March 1, 1989, for the Homes offered for sale hereunder. Pursuant to the terms of this law, the Sponsor is giving a Limited Warranty to Purchasers.

Paragraph 27 of the Purchase Agreement set forth in Exhibit D of the Plan is hereby deemed deleted and replaced with the following:

LIMITED WARRANTY. SPONSOR HEREIN MAKES NO HOUSING MERCHANT IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE PURCHASE AGREEMENT OR HOME COVERED HEREBY AND ALL SUCH WARRANTIES ARE EXCLUDED, EXCEPT AS PROVIDED IN THE LIMITED WARRANTY ANNEXED HERETO AS EXHIBIT

"A". THE TERMS OF THE LIMITED WARRANTY ARE HEREBY INCORPORATED INTO THE PURCHASE AGREEMENT AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE THEREOF. PURCHASER HEREBY ACKNOWLEDGES THAT A WRITTEN COPY OF THE TERMS OF THE ANNEXED LIMITED WARRANTY HAS BEEN PROVIDED BY SELLER TO PURCHASER FOR PURCHASER'S EXAMINATION AND THAT A REASONABLE PERIOD OF TIME FOR ITS EXAMINATION BY PURCHASER HAS BEEN AFFORDED TO PURCHASER PRIOR TO THE TIME OF PURCHASER'S EXECUTION OF THE PURCHASE AGREEMENT. PURCHASER UNDERSTANDS AND ACCEPTS THE ANNEXED WARRANTY TO THE PURCHASE AGREEMENT IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES IN CONNECTION WITH THIS TRANSACTION. THE ANNEXED WARRANTY WILL BE FULLY EFFECTIVE WITHOUT THE EXECUTION OF ANY OTHER DOCUMENT BY EITHER PURCHASER OR SELLER ON THE DATE THAT PURCHASER OR ITS FAMILY SHALL FIRST OCCUPY THE HOME WHICH IS THE SUBJECT OF THIS AGREEMENT AS A RESIDENTIAL HOME OR THE DATE THAT THE DEED TO SUCH HOME SHALL BE DELIVERED TO PURCHASER, WHICHEVER OCCURS FIRST. IN ADDITION TO THE ANNEXED LIMITED WARRANTY, PURCHASER WILL RECEIVE ANY MANUFACTURERS'S WARRANTIES APPLICABLE TO THE APPLIANCES INSTALLED IN THE HOME AND ANY WARRANTIES OF ANY CONTRACTORS OR SUBCONTRACTORS WHICH ARE ASSIGNED BY SPONSOR.

2. The Limited Warranty given by Sponsor to the Purchaser, provides the following warranty coverages.

FIRST YEAR BASIC COVERAGE. For one year from the Effective Date of the Warranty (as shown on page 1 of Exhibit "A"), the Home will be free from latent defects that constitute:

- (a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;
- (b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller;
- (c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller; or
- (d) defective installation of appliances sold as part of the Home by the Seller or an agent, employee or subcontractor of the Seller.

TWO YEAR MAJOR SYSTEM COVERAGE. For two years from the Effective Date of the Warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Home which have been installed by the Seller are warranted to be free from latent defects resulting from defective installation by the Seller.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE. For six years from the Effective Date of the warranty, the Home will be free from latent Major Structural Defects that result from:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller; or

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller.

Certain of the limitations contained in the Limited Warranty are noted as follows: the Limited Warranty provides coverage for the first Home Buyer only; Sponsor's liability is limited to 75% of the purchase price less any insurance proceeds received by purchaser; incidental and consequential damages are excluded; and detailed procedures must be followed for giving notice of a warranty claim to Sponsor, and for commencing a lawsuit against Sponsor.

PURCHASERS ARE ADVISED TO READ THE COMPLETE TERMS OF THE LIMITED WARRANTY CONTAINED IN THE RIDER TO THE PURCHASE AGREEMENT ANNEXED HERETO AS EXHIBIT "A". See also the full text of the law annexed hereto as Exhibit "B"

5. General

Other than as set forth above, there are no material changes which require amendment of the Offering Plan.

FAIRGROUNDS, INC.
SPONSOR

Dated: June 6, 1989

PROJECTED BUDGET FOR THE FIRST YEAR OF OPERATION OF VILLAGE
FAIRGROUNDS HOMEOWNERS ASSOCIATION, INC. (90 HOMES)

INCOME:

Maintenance Charges (\$641.28 per Home per year payable monthly at \$53.44 based on 90 homes) (1)	\$57,715.00
Estimated receipts from other sources	-0-
	<hr/>
Total	57,715.00

EXPENSES:

Utilities (2)	\$1,500.00
Road and Parking Maintenance (3)	2,116.00
Reserve for Replacement of Roads and Parking Area (4)	1,200.00
Snow Removal (5)	6,000.00
Landscaping (6)	17,500.00
Insurance (7)	6,374.00
Accounting & Legal (8)	2,250.00
Taxes: (a) Franchise and Corporate (9)	250.00
(b) Real Estate Taxes for the Common Areas (10)	-0-
Reserve (11)	2,700.00
Water (12)	1,525.00
Management (13)	16,200.00
Maintenance of Sanitary and Storm Water lines and common sewer connections (14)	-0-
Supplies & Office Equipment (15)	100.00
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Total	\$57,715.00

FOOTNOTES

1. Maintenance Charges - The annual assessment for an individual home is determined by dividing the total budget by 90.
2. Utilities - These electric figures are based upon a projection dated April 3, 1989 by Orange and Rockland Utilities, Inc., 75 West Route 59, Spring Valley, New York 10977, and includes the cost of electricity for the street lighting located on the common areas.
3. Road & Parking Maintenance - This figure includes the cost of blowing and picking up all debris from the roadways and parking areas with a vacuum truck. This figure is based on a proposal dated March 20, 1989 by T.I.M.S. Parking Lots Specialists, 171 Foxwood RD., West Nyack, New York 10994
4. Reserve for Replacement of Roads and Parking Area - This figure will provide for a fund that will be used to construct new roads and a new parking area when the current roads and parking area reach the end of their useful life, which has been calculated to be twenty-five (25) years. At the end of the 25 years, this reserve fund will be \$30,000.00, which will be an amount sufficient to construct new roads and a new parking area. This figure is based on an estimate by Fairgrounds Inc., 77 Maple Avenue, New City, New York 10956.
5. Snow Removal - This figure includes the cost of removing snow and spreading ice and snow pellets on roadways and parking areas for the period of November 1989 through April 1990. This Figure is based on a proposal dated March 21, 1989 by Helmke Industries, Inc., 250 North Highland Avenue, Pearl River, New York 10965.
6. Landscaping - This figure includes the cost of cutting grass, pruning shrubs and fertilizing for the Common Areas, as well as the cost of spring and fall cleanup; This figure is based on an estimate dated March 21, 1989 by Helmke Industries, Inc., 250 North Highland Avenue, Pearl River, New York 10965.

7. Insurance - This coverage includes an all risk insurance policy for \$4,500,000 and comprehensive general liability insurance policy covering bodily injury and property damage for \$1,000,000. No Coinsurance penalty will exist in the event of a partial loss. Officers' and directors' liability insurance is included in the insurance coverage. This figure is based on an estimate dated March 15, 1989 by Miller & Miller Associates, 43 South liberty drive, Stony Point, New York 10980.

8. Accounting and Legal - The bulk of estimated expenses for Legal and Accounting is for Accounting. The amount of this item which will be allocated to accounting expenses will be \$2,000.00, and the amount which will be allocated to legal expenses will be \$250.00. The accounting fee includes the cost of preparing an annual financial statement, the cost of preparation of the Association's Tax returns, and the cost of preparing a certified opinion. In the event the Association becomes involved in a litigation, additional assessments may be required. This figure is based on an estimate dated March 20, 1989 from Certilman Balin Adler & Hyman, 90 Merrick Avenue, East Meadow, New York 11554 and Schulman & Black, Certified Public Accountants, 475 South Main Street, New City, New York 10956 dated March 15, 1989.

9. Franchise And Corporate Taxes - In the Opinion of Counsel there is a reasonable basis to conclude that the Association will not be subject to Franchise taxes. However, the minimum tax has been budgeted. See the Opinion of Counsel for details.

10. Real Estate Taxes - Real Estate Taxes have been budgeted at zero because the assessed valuation of the individual homes. Based on letter dated March 15, 1989 from the Assessor's Office, Town of Haverstraw, 1 Rosman Rd., Garnerville, New York 10923.

11. Reserve - This item is to provide a fund for capital repairs or replacement items likely to be needed as the physical plant of Association ages.

12. Water - This figure includes the cost of supplying approximately 50,000 cubic feet of water for lawn sprinkling during the growing season (June-October), and is based upon a proposal dated March 16, 1989 by Spring Valley Water Company, 360 West Nyack Road, West Nyack, New York 10994. The cost of water for

13. Management - Based on a proposed agreement to provide management and bookkeeping services for the 90 Homes. Fees will be \$15.00 per home per month based on a proposal by Dalzell Management Company, Pacesetter Park, Route 202, Pomona, New York 10970 dated March 27, 1989.

14. Maintenance of Sanitary and Storm Water Lines and Common Sewer connections - Because the useful life of these lines, which are situated within the development and are located underground, has been estimated to be at least fifty (50) years, and because the lines will require no maintenance, the amount budgeted for this item is zero.

15. Supplies and Office Equipment - This item will be used to provide for stationery, pencils and pens, stamps, and other miscellaneous office supplies.

The
DALZELL
MANAGEMENT
Company, Inc.

SPECIALISTS IN COMMERCIAL LEASING, SALES AND MANAGEMENT

(914) 354-2177
623-0941

May 12, 1989

CERTIFICATION OF ADEQUACY OF SCHEDULE "A"

Department of Law
120 Broadway
New York, New York 10271

RE: Village Fairgrounds Homeowners Association
Inc., West Haverstraw, New York

Gentlemen:

The sponsor of the homeowners association offering plan for the captioned property retained me to review Schedule A containing projections of income and expenses for the first year of homeowners association operation.

Attached hereto and made a part hereof is a list of my qualifications to make this certification.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 22 insofar as they are applicable to Schedule A

I have reviewed the Schedule A and investigated the facts set forth in the Schedule A and the facts underlying them with due diligence in order to form a basis for this certification.

I certify that the projections in Schedule A appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of operation as a Homeowners Association.

I certify that this certification and all documents prepared by hereafter that concern Schedule A do:

A) set forth in detail the terms of the transaction as it relates to Schedule A and are complete, current and accurate.

B) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement:

C) not omit any material fact

PACESETTER PARK PLAZA, ROUTE 202, POMONA, NEW YORK 10970

The
DALZELL
MANAGEMENT
Company, Inc.

SPECIALISTS IN COMMERCIAL LEASING, SALES AND MANAGEMENT

(914) 354-2177
623-0941

- D) not contain any fraud, deception, concealment or suppression
- E) Not contain any untrue statement of material fact;
- F) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- G) not contain any representation or statement which is false, where I: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made noreasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this certification is not contingent on the sale of the property as a homeowners association or on the profitability or price of the offering. I understand that a copy of the Certification is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.


This Certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,



George Dalzell

Sworn to before me this,
12th day of May 1989


KATHLEEN HERMAN
Notary Public, State of New York
Qualified in Rockland County
No. 4930108
Commission Expires August 8, 1990

PACESETTER PARK PLAZA, ROUTE 202, POMONA, NEW YORK 10970

RIDER TO PURCHASE AGREEMENT DATED _____, 19 ____ BY AND
BETWEEN FAIRGROUNDS, INC., AS SELLER, AND _____
_____, AS PURCHASER.

LIMITED WARRANTY

NAME OF PURCHASER(S): _____

ADDRESS OF PURCHASER(S): _____

DESIGNATION OF HOME WARRANTED: _____

NAME OF SELLER: FAIRGROUNDS, INC.

ADDRESS OF SELLER: _____

EFFECTIVE DATE OF THIS LIMITED WARRANTY

The date that Purchaser or its family shall first occupy the home warranted or the date of delivery of the deed to such home to Purchaser, whichever occurs first.

SELLER'S LIMIT OF TOTAL WARRANTY

Seventy-Five (75%) percent of the purchase price of the home set forth in the Purchase Agreement to which this Warranty is annexed as a rider less any insurance proceeds received by Purchaser.

THIS LIMITED WARRANTY EXCLUDES AND PRECLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL, AND INDIRECT DAMAGES.

THIS LIMITED WARRANTY IS IN LIEU OF AND REPLACES ALL OTHER WARRANTIES ON THE CONSTRUCTION AND SALE OF THE HOME AND ITS COMPONENTS, BOTH EXPRESS AND IMPLIED (INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF. THE PURPOSE OF THIS LIMITED WARRANTY IS TO IDENTIFY THE SELLER'S RESPONSIBILITIES FOR CONSTRUCTION DEFECTS OF A LATENT OR HIDDEN NATURE THAT COULD NOT HAVE BEEN FOUND OR DISCLOSED ON FINAL INSPECTION OF THE HOME.

EXHIBIT A

1. To Whom Given. This Limited Warranty is given to the Purchaser named on page 1 while the Purchaser owns the Home. IT DOES NOT EXTEND TO SUBSEQUENT OWNERS, TENANTS OR MORTGAGEES IN POSSESSION OF THE HOME, ANY ONE WHO MAY SUCCEED TO THE RIGHTS OF PURCHASER (EXCEPT BY INHERITANCE) OR ANY OTHER PERSONS.

2. By Whom Made. This Limited Warranty is made exclusively by the Seller whose name and address appear on page 1.

3. Final Inspection of the Home. Before the Purchaser moves into the Home or accepts the deed, the Seller will schedule an appointment for final inspection of the Home with the Purchaser. The purpose of this final inspection is to discover any defects of a visible, obvious or patent nature, or any other unfinished work.

All defects found on final inspection of the Home will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Home or delivery of the deed.

4. Warranty Coverages and Periods. The Warranty Period for all of the following coverage begins on the Effective Date of this Warranty shown on page 1 of this warranty.

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of this warranty, the Home will be free from latent defects that constitute:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller;

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller; or

(d) defective installation of appliances sold as part of the Home by the Seller or an agent, employee or subcontractor of the Seller.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Effective Date of this warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Home which have been installed by the Seller are warranted to be free from latent defects resulting from defective installation by the Seller.

The Plumbing System refers to the gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.

The Electrical System refers to all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.

The Heating, Cooling and Ventilation System refers to all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

Except by reason of a defect in installation by Seller, this major system coverage does not include defects in appliances, fixtures and items of equipment.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six years from the Effective Date of this warranty, the Home will be free from latent Major Structural Defects that result from:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller; or

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller.

A Major Structural Defect is a defect resulting in actual physical damage to the following load-bearing portions which affects their load-bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

Damage to the following non-load bearing portions of the Home are not covered by this six-year coverage: roofing and sheathing; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering material; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home; electrical, plumbing, heating, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim; cabinets; hardware; and insulation.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

In all coverages under this Paragraph 4, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Home is located, in effect on the date that the building permit for the Home was issued, as supplemented by the annexed locally accepted building standards and practices.

ALL TIME PERIODS FOR THESE COVERAGES ARE OF THE ESSENCE AND WILL NOT BE EXTENDED.

5. Exclusions From All Coverages. The following are not covered by this warranty:

(a) patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to the Effective Date of this warranty ought to have revealed;

(b) defects in detached garages and carports; swimming pools and other recreational facilities, if any; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); and any other improvements not a part of the Home itself;

(c) raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the

exterior siding staining (on the face surface or grooves), and on facias from staining; doors and windows sticking because of weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or other blemishes in windows, sliding doors, screens, electric fixtures and globes, woodwork and doors; dented appliances; broken screens; and minor chips (nicks) to cultured marble floors and countertops;

(d) defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors and for incidental or consequential damages resulting from such work or materials;

(e) damage caused by the failure by the Purchaser or anyone other than the Seller, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or items of equipment;

(f) damage caused by the misuse, abuse, or interference by Purchaser or anyone other than Seller or its employees, agents and subcontractors with the Seller's original construction or installations;

(g) additional damage caused by the failure of the Purchaser to give notice to the Seller of any defects or damage in a timely manner as provided in this warranty;

(h) damage caused by changes in grade made by anyone other than the Seller, its employees, agents or subcontractors and damage caused by changes in grade made by Seller's agents and subcontractors if such work was ordered directly by Purchaser;

(i) damage caused by changes, alterations or additions made to the Home by anyone other than Seller or its employees, agents or subcontractors after the Effective Date of this warranty;

(j) damage caused by changes, alterations or additions made to the Home by Seller's agents and subcontractors if such work was ordered directly by Purchaser after the Effective Date of this warranty;

(k) damage caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation;

(l) loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water

escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, soil movement and changes in the underground water table;

(m) loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;

(n) any damage which Purchaser has not taken timely action to minimize;

(o) normal wear and tear and normal deterioration;

(p) insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests;

(q) bodily injury, death, or damage to personal property;

(r) costs of shelter, transportation, food, moving, storage or other expenses related to relocation during repair or replacement;

(s) consequential, incidental, special and indirect damages;

(t) any claim not filed in a manner set forth in paragraph 7 of this warranty;

(u) damage which arises while the home is being used for nonresidential purposes; and

(v) damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

6. What Seller Will do in the Event of a Defect Covered by This Warranty. If a defect occurs in an item covered by this warranty, the Seller will repair, replace, or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s), within sixty (60) days after the Seller's inspection or testing discloses the problem, subject to weather conditions, acts of God, availability of materials, and other events beyond Seller's control. The choice among repair, replacement or payment is solely that of the Seller. In making any repairs or replacements, Seller shall have the right to select the method and materials to be used in performing such repairs or replacements.

Seller's liability under this warranty is limited in the aggregate to the amount listed on page 1 of the warranty.

Repair of damage to the load-bearing portions of the Home will be limited to that which is necessary to restore their load-bearing function. Repair of other Major Structural Defects will be limited to repair of those defects which made the Home unsafe, unsanitary or otherwise unlivable.

7. Step by Step Claims Procedures. (a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Seller no later than the tenth (10th) day after the expiration of the applicable warranty period. Such notice must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If this form shall not properly be completed and received by the Seller by that deadline, the Seller will have no duty to respond to any complaint or demand contained in such form, and any or all claims may be rejected. COMPLETION AND DELIVERY OF SUCH NOTICE OF WARRANTY CLAIM IN A TIMELY MANNER IS NECESSARY TO PROTECT THE RIGHTS OF THE PURCHASER UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Warranty. No steps taken by the Seller in response to an improperly completed or untimely notice of a warranty claim will give rise to any liability of Seller to Purchaser in connection with such claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of the Purchaser, the Seller and the Seller's agents will have the right to inspect and test the portion of the Home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide reasonable access to the Seller and the Seller's agents during normal business hours, Monday through Friday, to complete inspection, testing and repair or replacement. Failure by Purchaser to provide such access shall invalidate this warranty with respect to the defect(s) set forth on the Notice of Warranty Claim.

(d) The Seller will complete inspection and testing within a reasonable time under the circumstances after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, the Seller will determine whether to accept or reject the claim. If the Seller rejects the claim, the Seller will give written notice of that decision to the Purchaser at the address shown on the Notice of Claim Form. If the Seller accepts the claim, the

Seller will take corrective action within a reasonable time under the circumstances. The Seller will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessarily are subject to weather conditions, availability of materials, and other events beyond the Seller's control.

8. Legal Actions. (a) No claim under this warranty may be commenced or asserted against Seller in any lawsuit unless a properly completed Notice of Warranty Claim Form has been received by the Seller in the time period set forth in paragraph 7 of this warranty.

(b) No lawsuit against the Seller under this warranty may be commenced more than thirty (30) days after the expiration date of the applicable warranty coverage, or thirty (30) days after Seller has given written notice of its rejection of Purchaser's claim with respect to such claim, or thirty (30) days after Seller has substantially completed corrective action for a defect with respect to such defect.

9. Miscellaneous Provisions. (a) To the extent any coverage under this warranty applies to common elements of a condominium, such coverage shall be deemed given to the Board of Managers of the condominium.

(b) This warranty may not be amended in any way without Seller's prior written consent in each instance.

(c) If any provision of this warranty will not be enforced by an appropriate court, the determination will not affect the enforceability of the remaining provisions.

(d) Use of one gender in this warranty includes the other gender, and use of the plural includes the singular, as may be appropriate.

(e) This warranty shall be governed in accordance with the laws of the State of New York.

ACCEPTED STANDARDS

The Performance Standards list specific items (defects) within each separate area of coverage. The first section covers Workmanship and Materials; the second section covers Systems. The standards are expressed in terms of performance criteria. For easy comprehension, the format is designed as follows:

1. **POSSIBLE DEFICIENCY** - a brief statement, in simple terms, of problems that may be encountered.
2. **PERFORMANCE STANDARD** - a performance standard relating to a specific deficiency.
3. **RESPONSIBILITY** - a statement of the corrective action required of the Builder to repair the deficiency or a statement of the Home Owner's maintenance responsibilities.

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PERFORMANCE STANDARDS

1. Site Work: Coverage 1st Year Only, Workmanship and Materials

A. Site Grading

1. **POSSIBLE DEFICIENCY:** Setting of ground around foundation, utility trenches or other areas.

PERFORMANCE STANDARD: Setting of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the Home.

RESPONSIBILITY: If the Builder has provided final grading: upon request by the Home Owner, Builder shall fill settled areas affecting proper drainage, one time only, during the first year of the Limited Warranty period. Home Owner shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.

B. Site Drainage

1. **POSSIBLE DEFICIENCY:** Improper drainage of the site.

PERFORMANCE STANDARD: The necessary grades and swales shall have been established by the Builder to insure proper drainage away from the Home. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or

while the ground is saturated.

RESPONSIBILITY: The Builder is responsible only for initially establishing the proper grades and swales. The Home Owner is responsible for maintaining such grades and swales once they have been properly established.

2. Concrete: Coverage 1st Year Only, Workmanship and Materials

A. Expansion and Contraction Joints

- 1. POSSIBLE DEFICIENCY:** Separation or movement of concrete slabs within the structure at expansion and contraction joints.

PERFORMANCE STANDARD: Concrete slabs within the structure are designed to move at expansion and contraction joints.

RESPONSIBILITY: None.

B. Cast-in-Place Concrete

- 1. POSSIBLE DEFICIENCY:** Basement or foundation wall cracks.

PERFORMANCE STANDARD: Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.

RESPONSIBILITY: Builder will repair cracks in excess of 1/8 inch wide.

- 2. POSSIBLE DEFICIENCY:** Cracking of basement floor.

RESPONSIBILITY: Builder will repair cracks exceeding maximum tolerances by surface patching or other methods as required.

3. **POSSIBLE DEFICIENCY:** Cracking of slab in attached garage.

PERFORMANCE STANDARD: Cracks in garage slabs in excess of 1/4 inch in width or 1/4 inch in vertical displacement shall be repaired.

RESPONSIBILITY: Builder will repair cracks exceeding maximum tolerances by surface patching or other methods as required.

4. **POSSIBLE DEFICIENCY:** Uneven concrete floors/slabs.

PERFORMANCE STANDARD: Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions, or areas of unevenness exceeding 1/4 inch in 32 inches.

RESPONSIBILITY: Builder will correct or repair to meet the Performance Standard.

5. **POSSIBLE DEFICIENCY:** Cracks in concrete slab-on-grade floors with finish flooring.

PERFORMANCE STANDARD: Cracks which rupture the finish flooring material shall be repaired.

RESPONSIBILITY: Builder will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place. (See also Performance Standard 7, "Finishes".)

6. **POSSIBLE DEFICIENCY:** Pitting, scaling or spalling of concrete work covered by this Limited Warranty.

PERFORMANCE STANDARD: Concrete surfaces

Cracks greater than 1/8 inch in width shall be repaired.

RESPONSIBILITY: Builder will repair cracks in excess of 1/8 inch by pointing or patching. These deficiencies shall be reported and repairs made during the first year of the limited Warranty period.

2. POSSIBLE DEFICIENCY: Cracks in masonry wall or veneer.

PERFORMANCE STANDARD: Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive.

RESPONSIBILITY: Builder will repair cracks in excess of Performance Standard by pointing or patching. These repairs shall be made during the first year of the Limited warranty period. Builder will not be responsible for color variation between old and new mortar.

4. Wood and Plastic: Coverage 1st Year Only, Workmanship and Materials

A. Rough Carpentry

1. POSSIBLE DEFICIENCY: Floors squeak or subfloor appears loose.

PERFORMANCE STANDARD: Floor squeaks and loose subfloor are often temporary conditions common to new construction, and a squeak-proof floor cannot be guaranteed.

RESPONSIBILITY: Builder will correct the problem only if caused by an underlying construction defect.

2. POSSIBLE DEFICIENCY: Uneven wood floors.

PERFORMANCE STANDARD: Floors shall not have

shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.

RESPONSIBILITY: Builder will take whatever corrective action is necessary to repair or replace defective concrete surfaces. Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.

7. POSSIBLE DEFICIENCY: Settling, heaving or separating of stoops, steps or garage floors.

PERFORMANCE STANDARD: Stoops, steps or garage floors shall not settle, heave or separate in excess of 1 inch from the house structures.

RESPONSIBILITY: Builder will take whatever corrective action is required to meet the Performance Standard.

8. POSSIBLE DEFICIENCY: Standing water on stoops.

PERFORMANCE STANDARD: Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after rain can be anticipated.

RESPONSIBILITY: Builder shall take corrective action to assure drainage of steps and stoops.

3. Masonry: Coverage 1st Year Only, Workmanship and Materials

A. Unit Masonry

1. POSSIBLE DEFICIENCY: Basement or foundation wall cracks.

PERFORMANCE STANDARD: Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls.

more than 1/4 inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the applicable building code.

RESPONSIBILITY: Builder will correct or repair to meet Performance Standard.

3. POSSIBLE DEFICIENCY: Bowed walls.

PERFORMANCE STANDARD: All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than 1/4 inch out of line within any 32 inch horizontal or vertical measurement.

RESPONSIBILITY: Builder will repair to meet Performance Standard.

4. POSSIBLE DEFICIENCY: Out-of-plumb walls.

PERFORMANCE STANDARD: Walls should not be more than 1/4 inch out of plumb for any 32 inch vertical measurement.

RESPONSIBILITY: Builder will repair to meet the Performance Standard.

B. Finish Carpentry (Interior)

1. POSSIBLE DEFICIENCY: Poor quality of interior trim workmanship.

PERFORMANCE STANDARD: Joints in moldings or joint between moldings and adjacent surface shall not result in open joints exceeding 3/8 inch in width.

RESPONSIBILITY: Builder will repair defective joints, as defined. Caulking is acceptable.

C. Finish Carpentry (Exterior)

1. **POSSIBLE DEFICIENCY:** Poor quality of exterior trim workmanship.

PERFORMANCE STANDARD: Joints between exterior trim elements, including siding and masonry, shall not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements.

RESPONSIBILITY: Builder will repair open joints, as defined. Caulking is acceptable.

5. Thermal and Moisture: Coverage 1st Year Only, Workmanship and Materials

A. Waterproofing

1. **POSSIBLE DEFICIENCY:** Leaks in basement.

PERFORMANCE STANDARD: Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping or failure to maintain proper grades are not covered by this Limited Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency.

RESPONSIBILITY: Builder will take such action as necessary to correct basement leaks except where the cause is determined to result from Home Owner action or negligence.

B. Insulation

1. **POSSIBLE DEFICIENCY:** Insufficient insulation.

PERFORMANCE STANDARD: Insulation shall be installed in accordance with applicable energy and building code requirements.

RESPONSIBILITY: Builder will install insulation in

sufficient amounts to meet Performance Standard.

C. Louvers and Vents

1. **POSSIBLE DEFICIENCY:** Leaks due to snow or rain driven into the attic through louvers or vents.

PERFORMANCE STANDARD: Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.

RESPONSIBILITY: None

D. Roofing and Siding

1. **POSSIBLE DEFICIENCY:** Ice build-up on roof.

PERFORMANCE STANDARD: During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up.

RESPONSIBILITY: Prevention of ice build-up on the roof is a Home Owner maintenance item.

2. **POSSIBLE DEFICIENCY:** Roof or flashing leaks.

PERFORMANCE STANDARD: Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Home Owner action or negligence.

RESPONSIBILITY: Builder will repair any verified roof or flashing leaks not caused by ice build-up or Home Owner action or negligence.

3. **POSSIBLE DEFICIENCY:** Standing water on flat roof.

PERFORMANCE STANDARD: Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.

RESPONSIBILITY: Builder will take corrective action to assure proper drainage of roof.

4. **POSSIBLE DEFICIENCY:** Delamination of veneer siding or joint separation.

PERFORMANCE STANDARD: All siding shall be installed according to the manufacturer's and industry's accepted standards. Separations and delaminations shall be repaired or replaced.

RESPONSIBILITY: Builder will repair or replace siding as needed unless caused by Home Owner's neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Builder will paint only the new materials. The Home Owner can expect that the newly painted surface may not match original surface in color.

E. Sheet Metal

1. **POSSIBLE DEFICIENCY:** Gutters and/or downspouts leak.

PERFORMANCE STANDARD: Gutters and downspouts shall not leak but Gutters may overflow during heavy rain.

RESPONSIBILITY: Builder will repair leaks. It is a Home Owner responsibility to keep gutters and downspouts free of leaves and debris which could cause overflow.

2. **POSSIBLE DEFICIENCY:** Water standing in gutters.

PERFORMANCE STANDARD: When gutter is unobstructed by debris, the water level shall not exceed one (1) inch in depth. Industry practice is to install gutters approximately level. Consequently, it is entirely possible that small amounts of water will stand in certain sections of gutter immediately after a rain.

RESPONSIBILITY: Builder will correct to meet Performance Standard.

F. Sealants

1. **POSSIBLE DEFICIENCY:** Leaks in exterior wall due to inadequate caulking.

PERFORMANCE STANDARD: Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water.

RESPONSIBILITY: Builder will repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiencies once, during the first year of the Limited Warranty period. Even properly installed caulking will shrink and must be maintained during the life of the Home.

6. Doors and Windows: Coverage 1st Year Only, Workmanship and Materials

A. Wood and Plastic Doors

1. **POSSIBLE DEFICIENCY:** Warpage of exterior doors.

PERFORMANCE STANDARD: Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/4 inch, measured diagonally from corner to corner).

RESPONSIBILITY: Builder will correct or replace and refinish defective doors, during the first year of the Limited Warranty period.

2. **POSSIBLE DEFICIENCY:** Warpage of interior passage and closet doors.

PERFORMANCE STANDARD: Interior doors (full

openings) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/4 inch measured diagonally from corner to corner).

RESPONSIBILITY: Builder will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the first year of the Limited Warranty period.

3. **POSSIBLE DEFICIENCY:** Shrinkage of insert panels show raw wood edges.

PERFORMANCE STANDARD: Panels will shrink and expand and may expose unpainted surface.

RESPONSIBILITY: None.

4. **POSSIBLE DEFICIENCY:** Split in door panel.

PERFORMANCE STANDARD: Split panels shall not allow light to be visible through the door.

RESPONSIBILITY: Builder will, if light is visible, fill split and match paint or stain as closely as possible, one time in first year of the Limited Warranty period.

B. Glass

1. **POSSIBLE DEFICIENCY:** Broken glass.

PERFORMANCE STANDARD: None.

RESPONSIBILITY: Broken glass not reported to Builder prior to closing is the Home Owner's responsibility.

C. Garage Doors on Attached Garages

1. **POSSIBLE DEFICIENCY:** Garage doors fail to operate properly, under normal use.

PERFORMANCE STANDARD: Garage doors shall operate properly.

RESPONSIBILITY: Builder will correct or adjust garage doors as required, except where the cause is determined to result from Home Owner action or negligence.

2. POSSIBLE DEFICIENCY: Garage doors allow entrance of snow or water.

PERFORMANCE STANDARD: Garage doors shall be installed as recommended by the manufacturer. Some entrance of the elements can be expected under abnormal conditions.

RESPONSIBILITY: Builder will adjust or correct garage doors to meet manufacturer's recommendations.

D. Wood, Plastic and Metal Windows

1. POSSIBLE DEFICIENCY: Malfunction of windows.

PERFORMANCE STANDARD: Windows shall operate with reasonable ease, as designed.

RESPONSIBILITY: Builder will correct or repair as required.

2. POSSIBLE DEFICIENCY: Condensation and/or frost on windows.

PERFORMANCE STANDARD: Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions, created by the Home Owner.

RESPONSIBILITY: Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder's control. No corrective action required.

E. Weatherstripping and Seals

3. "Constructed in a skillful manner" means that workmanship and meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and use of materials meet or exceed the standards of locally accepted building practices.

4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit which the builder has resided in or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:

a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;

b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

Section 777-a. Housing Merchant Implied Warranty.

1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

a. one year from and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner;

b. two years from and after the warranty date the plumbing, electrical, heating, cooling and ventilation systems of the home will be free from defects due to a failure by the builder to have installed such systems in a skillful manner; and

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee, or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired, or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder, or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness, and all other implied

warranties with respect to goods shall be governed by the part three of article two of the uniform commercial code and other applicable statutes.

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test, and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

777-b. Exclusion or Modification of Warranties. 1. Except in the case of a housing merchant implied warranty, the builder

or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. An housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

4. A limited warranty sufficient to exclude or modify a housing merchant implied warranty must be written in plain English and must clearly disclose:

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when such term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-A of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding

the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322.1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

Section 2. Subdivision two of section two hundred thirteen of the civil practice law and rules is amended to read as follows:

2. an action upon a contractual obligation or liability, express or implied, except as provided in article 2 of the uniform commercial code or article 36-B of the general business law;

Section 3. This act shall take effect on the first day of March next succeeding the date on which it shall have become a law and shall apply to new homes for which contracts of sale are entered into on and after such effective date.

VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION, INC.

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INTRODUCTION

Fairgrounds, Inc., a New York corporation (hereinafter referred to as the "Sponsor" or "Developer"), is the owner of approximately 13.367 acres of land ("The Properties") located at Old Route 9W, Village of West Haverstraw, Town of Haverstraw, Rockland County, State of New York. The Sponsor intends to construct 90 attached units (the "Homes") on the aforementioned 13.367 acres, each on an individual lot, in a development to be known as Village Fairgrounds (the "Development").

The Development is bounded on the north by single family homes, on the east by wooded areas, a right-of-way and Samsondale Avenue, on the west by Old Route 9W and on the south by single family homes. The wooded area to the east of the Development is zoned for commercial use. The Sponsor acquired title to The Properties on December 3, 1986.

There will be as many as 90 Home Owners, who will have the right to use all facilities and common areas provided at the Development. For further details of the facilities, see page 10 of this Offering Plan.

In offering the 90 attached Homes in the Development, the Sponsor is simultaneously offering mandatory memberships in Village Fairgrounds Homeowners Association, Inc. (the "Association"), a membership corporation which has been organized under the Not-for-Profit Corporation Law of the State of New York, to own and maintain the Common Areas in the Development including but not limited to the private roadways, landscaped areas and the parking area. See page 10 for complete details of the services to be provided by the Association. A purchaser of a Home in the Development will automatically assume the rights and obligations of membership in the Association upon closing title to his Home.

Purchasers of Homes will have one membership interest for all purposes. However, in no event can more than one vote per member be cast at any election. See page 16.

Prospective purchasers should be aware that if they resell their Homes, those who purchase from them will also automatically become members of the Association. The mandatory nature of membership in the Association is set forth in the Declaration of Covenants, Restrictions, Easements, Charges and Liens (the "Declaration") annexed as Exhibit A to this Offering Plan and is set forth in the Purchase Agreement and Deed annexed hereto as Exhibits D and E, respectively. A summary of the Declaration is set forth at page 13.

The Association will own approximately 11.03 of the above mentioned 13.367 acres of land (the "Common Properties" or "Common Areas") including landscaped areas for use by Association members. The Sponsor will deed the Common Properties to the Association free

and clear of all mortgages prior to the closing of the first Home. (See page 18.) A full description of the Common Properties is set forth at page 10. Upon the recordation of the Declaration in the Office of the County Clerk of Rockland County, the Common Properties will become subservient to and have only minimal value separate and apart from the Homes. The Sponsor estimates that, absent the effect of the recording of the Declaration, the Common Properties would have a market value of approximately \$300,000.

Commencing with the recording of the Declaration, each Home Owner will become responsible for the payment of a pro rata portion of the expenses of the Association arising from the operation and maintenance of the Common Areas including Common Area landscape maintenance and snowplowing of roadways. Home Owners will also be responsible for other common expenses, including premiums for liability and property insurance covering the Common Areas, and the creation of such reserves for contingencies as the Board of Directors of the Association may deem proper.

The Sponsor will control the Board of Directors for a period of two (2) years from the recording of the Declaration or until fifty (50%) percent of the Homes are sold, whichever occurs first. See page 14. The estimated charges for the first full year of operation of the Association are set forth on page 4. The Association is responsible for procuring fire and liability insurance covering the Common Areas but fire and liability insurance for each Home must be carried by the individual purchasers. Purchasers will be required to pay monthly maintenance charges. See the Section of the Offering Plan entitled, "The Association" at page 13 and the By-Laws of the Association annexed hereto as Exhibit C.

This Offering Plan relates solely to the rights and obligations of purchasers as members of the Association and as contained in the annexed Declaration. This Offering Plan does not relate to the purchase of land or homes other than as set forth above and should not be relied upon except for the specific purposes set forth herein. Amendments will be served upon purchasers and members.

The purpose of the Plan is to set forth all the terms of the offer concerning the Association. The Plan may be amended from time to time by an amendment filed with the New York State Department of Law.

The Plan as presented to prospective purchasers contains all of the detailed terms of the transaction as it relates to the Association. Parts A, B, and C of the Exhibits delivered to the Department of Law contain all of the documents referred to in the Plan. Copies of the Plan and Parts A, B, and C of the Exhibits will be available for inspection without charge to prospective purchasers and their attorneys at the office of the Sponsor during normal business hours.

Closings to the individual Homes will not commence until the Sponsor has received Purchase Agreements for at least fifteen percent (15%) of the memberships offered herein. Prices for the Homes have been set by the Sponsor and are not subject to review or approval by the Department of Law.

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

SCHEDULE A

PROJECTED BUDGET FOR THE FIRST YEAR OF OPERATION OF
VILLAGE FAIRGROUNDS HOMEOWNERS ASSOCIATION, INC.

(90 HOMES)

EFFECTIVE OCTOBER 1, 1987

Income

Maintenance Charges (\$760.94 per Home per year payable monthly at \$63.41 based on 90 Homes)	(1)	\$68,485.00
Estimated receipts from other sources		<u>0.00</u>
	Total	\$68,485.00

Expenses

Utilities (2)		\$ 1,500.00
Road and Parking Area Maintenance (3)		1,860.00
Reserve for Replacement of Roads and Parking Area (4)		1,200.00
Snow Removal (5)		6,000.00
Landscaping (6)		17,500.00
Insurance (7)		12,000.00
Accounting and Legal (8)		2,250.00
Taxes: (a) Franchise and Corporate (9)		250.00
(b) Real Estate Taxes for the Common Areas (10)		-0-
Reserve (11)		2,700.00
Water (12)		1,525.00
Management (13)		21,600.00
Maintenance of Sanitary and Storm Water Lines and Common Sewer Connections (14)		-0-
Supplies and Office Equipment (15)		<u>100.00</u>
	TOTAL:	\$68,485.00

*In the event the estimated first year differs from the actual commencement of the budget year by six (6) months or more, the Sponsor will amend the Plan to include a revised budget. See explanatory footnotes at page 5. If the amended budget exceeds this budget by 25% or more the Sponsor will offer all purchasers the right to rescind their purchase agreement and have their deposits returned, with interest, if any.

FOOTNOTES

1. Maintenance Charges - The annual assessment for an individual Home is determined by dividing the total budget by 90.
2. Utilities - These electric figures are based upon a projection dated October 24, 1986 by Orange and Rockland Utilities, Inc., 75 West Route 59, Spring Valley, New York 10977, and includes the cost of electricity for the street lighting located on the Common Areas.
3. Road and Parking Area Maintenance - This figure includes the cost of blowing and picking up all debris from the roadways and parking area with a vacuum truck. This figure is based on a proposal dated December 3, 1986 by T.I.M.S. Parking Lots Specialists, 171 Foxwood Road, West Nyack, New York 10994.
4. Reserve for Replacement of Roads and Parking Area - This figure will provide for a fund that will be used to construct new roads and a new parking area when the current roads and parking area reach the end of their useful life, which has been calculated to be twenty-five (25) years. At the end of 25 years, this reserve fund will be \$30,000, which will be an amount sufficient to construct new roads and a new parking area. This figure is based on an estimate by Fairgrounds, Inc., 475 South Main Street, New City, New York 10956.
5. Snow Removal - This figure includes the cost of removing snow and spreading ice and snow pellets on roadways and parking areas for the period of November, 1988 through April, 1989. This figure is based on a proposal dated October 3, 1986 by Helmke Industries, Inc., 250 North Highland Avenue, Pearl River, New York 10965.
6. Landscaping - This figure includes the cost of cutting grass, pruning shrubs and fertilizing for the Common Areas, as well as the cost of spring and fall cleanup. This figure is based on an estimate dated October 3, 1986 by Helmke Industries, Inc., 250 North Highland Avenue, Pearl River, New York 10965.
7. Insurance - This coverage includes an all risk insurance policy for \$4,500,000 and a comprehensive general liability insurance policy covering bodily injury and property damage for \$1,000,000. No coinsurance penalty will exist in the event of a partial loss. Officers' and directors' liability insurance is not included in the insurance coverage. In the event the Association decides to obtain such insurance, the estimated premium will be \$1,000 to \$1,500 per year. This figure is based on an estimates dated October 29, 1986 and January 16, 1987 by Miller & Miller Associates, 43 South Liberty Drive, Stony Point, New York 10980.
8. Accounting and Legal - The bulk of estimated expenses for Legal and Accounting is for Accounting. The amount of this item which will be allocated to accounting expenses will be \$2,000,

and the amount which will be allocated to legal expenses will be \$250. The accounting fee includes the cost of preparing an annual financial statement, the cost of preparation of the Association's tax returns, and the cost of preparing a certified opinion. In the event the Association becomes involved in litigation, additional assessments may be required. This figure is based on an estimate dated December 17, 1986 from Certilman Haft Lebow Balin Buckley & Kremer, 805 Third Avenue, New York, New York 10022, and on estimate dated November 18, 1986 and January 16, 1987 from Schulman and Black, Certified Public Accountants, 475 South Main Street, New City, New York 10956.

9. Franchise and Corporate Taxes - In the Opinion of Counsel there is a reasonable basis to conclude that the Association will not be subject to Franchise Taxes. However, the minimum tax has been budgeted. See the Opinion of Counsel for details.
10. Real Estate Taxes - Real Estate Taxes have been budgeted at zero because the assessed valuation of the Common Areas will be reflected in the assessed valuation of the individual Homes. Based on a letter dated December 22, 1986 from the Assessor's Office, Town of Haverstraw, 1 Rosman Road, Garnersville, New York 10923.
11. Reserve - This item is to provide a fund for capital repairs or replacement items likely to be needed as the physical plant of the Association ages.
12. Water - This figure includes the cost of supplying approximately 50,000 cubic feet of water for lawn sprinkling during the growing season (June-October), and is based upon proposals dated October 22, 1986 and January 19, 1987 by the Spring Valley Water Company, 360 West Nyack Road, West Nyack, New York 10994. The cost of water for each Home will be an individual expense of each Home Owner.
13. Management - Based on a proposed Management Agreement, the Sponsor will provide the management and bookkeeping services for the 90 Homes. Fees have been computed on the basis of twenty dollars (\$20.00) per Home per month. The management fee has been calculated in accordance with management charges for similar developers in the area of the Association.
14. Maintenance of Sanitary and Storm Water Lines and Common Sewer Connections - Because the useful life of these lines, which are situated within the Development and are located underground, has been estimated to be at least fifty (50) years, and because the lines will require no maintenance, the amount budgeted for this item is zero.
15. Supplies and Office Equipment - This item will be used to provide for stationery, pencils and pens, stamps, and other miscellaneous office supplies.

CERTILMAN HAFT LEBOW BALIN BUCKLEY & KREMER

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December 2, 1986

NORMAN J. LEVY
EARL J. WOPSEY
COUNSEL

Fairgrounds, Inc.
475 South Main Street
New City, New York 10956

Re: Village Fairgrounds Homeowners Association, Inc.

Gentlemen:

We have examined the Offering Plan and various supporting pages for the above captioned Homeowners Association. It is our opinion that the Declaration of Covenants, Restrictions, Easements, Charges and Liens annexed as Exhibit A to the Offering Plan will, when recorded in the Office of the County Clerk of Rockland County, be legal and valid and that persons purchasing homes in the Village Fairgrounds development will automatically become members of Village Fairgrounds Homeowners Association, Inc. (the "Association"), assuming all rights and obligations of membership.

Under present law, it is our opinion that members of the Association will not be entitled to deduct any portion of their annual Association assessment payments, as presently constituted, for Federal or New York State income tax purposes.

Section 528 to the Internal Revenue Code (hereinafter "the Code"), affords certain Homeowners Associations, substantially all of whose homes are used for residences, the opportunity to elect to be treated as tax exempt organizations. In order to qualify, sixty (60%) percent or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Homeowners and ninety (90%) percent or more of the expenditures must be for the acquisition, construction, management, maintenance and care of the Homeowners Association property, which property, as defined in Section 528 of the Code, include property held by the Homeowners Association, property commonly held by the members of the Homeowners Association or property within the Homeowners

Association held by the members of the Homeowners Association. Based upon our examination of the Offering Plan and subject to the Homeowners Association actually satisfying the minimum percentage income and expenditure criteria set forth above, it is our opinion that the Homeowners Association will be eligible to elect to be treated as a tax exempt organization under Section 528 of the Code.

Such an election will exempt from Federal and New York State income taxation all amounts received by the Homeowners Association from the Homeowners as membership dues, fees or assessments. The Homeowners Association will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the Homeowners. In the event the Homeowners Association fails to qualify for and elect Section 528 taxation status in any year, it may, to the extent it has any income from unrelated sources or from accumulated revenues received by virtue of dues, fees and assessments received from Homeowners not expended in any taxable year, be subject to Federal and New York State income taxation (see Rev. Ruling 74-99, 1974-1 C3131).

We are also of the opinion that there is a reasonable basis for the Association to conclude that it is not subject to the New York State franchise tax imposed on business corporations. The foregoing opinion is rendered notwithstanding the advisory opinion issued to Cornhill Commons Homeowners Association, Inc. on March 9, 1982 to the contrary. In its opinion to Cornhill, the State Tax Commission stated that the exemption from taxation is not applicable if any part of the net earnings of the homeowners association inures to the benefit of its members. Through an examination of the analagous Federal Statute Section 528(c)(1)(D) of the Internal Revenue Code, the State Tax Commission determined that the provision of management, maintenance and care of common property by the association constituted an inurement of the net earnings to its members. "The implication is clear that for federal income tax purposes the provision of management and maintenance and care of association property constitutes an 'inurement of net earnings' of the homeowners association to the benefit of its members. Such interpretation is applicable herein". However, this conclusion was reached without any reference to or mention of Treasury Regulation 1.528-7, which specifically states that "to the extent that members receive a benefit from the general maintenance, etc., of association property, this benefit generally would not constitute inurement". In view of the Treasury Regulation, the conclusion of the State Tax Commission appears to be misguided.

Since "inurement" apparently does not include the benefit received by members of an association from the general maintenance, etc., of association property for federal income tax purposes, it is our opinion that the same conclusion may reasonably be reached for state income tax purposes. The State Tax Commission may not agree with this conclusion and in light of its opinion to the Cornhill Commons Homeowners Association, Inc., may determine that the Association is subject to the New York State franchise tax. Although the Association may contest such a determination, no assurances may be given that the Association will be successful in such a contest. Moreover, if the State Tax Commission successfully contends that the Association is subject to the franchise tax in addition to being liable for New York State franchise taxes for each year of its existence, the Association may also be liable for interest and penalties.

We have examined the Declaration of Covenants, Restrictions, Easements, Charges and Liens to be placed on the property. It is our opinion that when such Declaration is recorded, it will be binding on all Homeowners at Village Fairgrounds.

We have also reviewed the map and plans prepared in connection with the contemplated Project. It is our opinion that if the project is approved and is constructed in accordance with the aforesaid map and plans, said project will be in compliance with applicable zoning requirements of the Town of Haverstraw.

This opinion is based solely on the facts and documents referred to above. No warranties are made that the tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the Association, counsel to the Association, or any other person be liable by reason of future changes in fact or applicable law, regulation, decisional law or Internal Revenue Service rulings that the tax status cease to meet the requirements contained in this opinion.

We have been advised that you intend to use this letter as part of the Offering Plan and we consent to its inclusion in the Plan.

Very truly yours,

CERTILMAN HAFT LEBOW BALIN
BUCKLEY & KREMER

By: s/ John P. Donohoe
Partner

DESCRIPTION OF COMMON AREAS AND FACILITIES
TO BE OWNED OR MAINTAINED BY THE HOMEOWNERS ASSOCIATION

1. Site

The site is located on the east side of Old Route 9W, West Haverstraw, Rockland County, New York.

The parcel consists of 13.367 acres.

The site is bounded on the north by single family homes, on the east by wooded areas, a right-of-way, and Samsondale Avenue, on the west by Old Route 9W, and on the south by single family homes.

On the site there are 90 lots for one family attached Homes. This area to be owned by the Home Owners totals 2.337 acres. There will be fifteen (15) structures on the site, eleven (11) of which will contain six (6) attached Homes, two of which will contain eight (8) attached Homes, and two of which will contain four (4) attached Homes. The remaining acres will be owned by the Association as the Common Areas.

2. Roadways

All roads will be owned and maintained by the Association. All street work, materials, construction methods and workmanship shall conform with standard specifications of the Village of West Haverstraw, Rockland County, New York. Each road will be twenty-four (24) feet wide and will contain a top course of one and one-half inches of asphalt concrete, a base course of three inches of concrete, and a subbase course of three-quarters of an inch of crushed stone. The Town of Haverstraw will not accept said roads for dedication because they are being constructed on private property.

3. Parking

Each of the Home Owners at Village airgrounds will share 99 parking spaces within a parking area. The parking area will be part of the Common Properties and will be maintained by the Association.

4. Utilities

Electric and gas services for the Common Areas will be provided by Orange and Rockland Utilities, Inc. Telephone service will be provided by the New York Telephone Company. The cost of electricity for the Common Areas will be a common expense of the Association. The cost of electricity and telephone for each Home will be an individual expense of each Home Owner.

5. Water and Sewage

Each Home will be connected to the Spring Valley Water Company water system by the Sponsor via private connections. All water consumed in the Homes will be billed directly to each individual Home Owner. All water consumed on the Common Properties will be paid for by the Association as an item of common expense.

The Town of Haverstraw, Rockland County, New York, will provide sewage disposal, the cost of which will be included in the town taxes to be paid by the Home Owners.

All sanitary sewer piping situated in the roadways will be of eight-inch polyvinyl chloride as approved by the local building code. Ten (10) sewer manholes will be constructed in pre-cast concrete with cast-iron covers. All sanitary sewers will discharge into the main sewer system provided by the Joint Regional Sewer Board, Town of Haverstraw, Rockland County, New York. Each building group will have a separate connection to the private sewer. The sewer plan for the new sanitary sewer to be constructed was approved by the Joint Regional Sewer Board of the Town of Haverstraw.

Maintenance of the sanitary and storm water lines and common sewer connections situated with the Development itself will be the responsibility of the Association.

6. Refuse Removal

Refuse removal will be provided by the Village of West Haverstraw and collections will be made as per the applicable collection schedule. The cost of refuse removal for each Home will be included in the village taxes to be paid by each Home Owner.

7. Site Lighting

Street lights for the Common Areas will be owned by the Association and maintained by Orange and Rockland Utilities, Inc., and are to be installed in accordance with the specifications of Orange and Rockland Utilities, Inc.

8. Passive Recreation Area

The passive sitting area of the Development will consist of a selection of park benches, grass and other greenery. This area will be used by Home Owners for the purposes of sitting, relaxation and enjoying the scenic view.

9. Landscaping

The landscaping of the Development will consist of approximately 880 assorted trees, plants and shrubs, such as oak, maple,

pine and crabapple trees, rhododendron, juniper, and holly. See Exhibit H.

The Sponsor will make periodic visits to the Development at reasonable intervals to correct any defects in the construction of any of the improvements forming the Common Properties due to improper workmanship or material substantially at variance with this Offering Plan on condition that it is notified or becomes aware of such defects within one year from the date of substantial completion of the Common Properties.

THE ASSOCIATION

A. Declaration of Covenants, Restrictions, Easements, Charges and Liens

Prior to the closing of title to any Home in the Development, the Sponsor will record the Declaration of Covenants, Restrictions, Easements, Charges and Liens, (the "Declaration") together with the By-Laws annexed thereto and made a part thereof, with the Office of the Clerk of the County of Rockland. This Declaration and the annexed By-Laws have been included in this Offering Plan as Exhibits A and C.

The Sponsor has organized the Village Fairgrounds Homeowners Association, Inc. under the provisions of the New York Not-for-Profit Corporation Law, for the purpose of owning, maintaining and operating the roadways and parking areas, maintaining water and sewage connections and storm water pipes, and landscaping the Common Areas in the Development. The Declaration provides the framework and procedures by which the Association will maintain and administer said land and improvements. The Common Properties will be conveyed to the Association prior to the closing of title to the first Home free and clear of any mortgage.

Upon the sale and conveyance of a Home by the Sponsor, the purchaser thereof will automatically become a "Member" of the Association (as membership is included in the price of the Home) subject to the Association rules and regulations and will be liable for its assessments as hereinafter provided.

The Declaration gives each Member of the Association an easement in and to the Common Properties for himself and his guests. The instrument also makes provision for various easements in favor of the Association and the Sponsor including, in the case of the Sponsor, the retention of easements necessary for the completion of construction and sale of 90 Homes in the Development.

The use of a Home and the Common Areas are subject to various covenants and restrictions. These covenants include the obligation to pay maintenance, to notify the Board of Directors of a new Owner or mortgagee, and to properly maintain a Member's Home. In addition, the restrictions prohibit improper use of the Home and limit the erecting of fences and the use of the recreational facilities by nonmembers. See Article XI of the Declaration for a full description of such restrictions. In addition, structural and external alterations to the Home are subject to Board approval. See Article VII.

The Members' right to the use and enjoyment of the Common Properties, which expires on December 31, 2036, will be automatic-

ally extended for successive ten year periods, unless an instrument signed by the Town of Haverstraw and by eighty (80%) percent of the Home Owners has been recorded, agreeing to change the Declaration in whole or in part.

B. Management and Operation of the Association

The affairs of the Association shall be governed by a Board of Directors, consisting of no less than seven, nor more than nine members, each of whom, subsequent to those designated or elected by the Sponsor, must be either a Member of the Association or a lessee in lieu of the Member renting the Home in which said lessee resides. The Sponsor will designate an initial Board of Directors consisting of three Directors to serve until the first annual meeting of the Association. The Sponsor has initially designated Eric Bergstol, Leif Bergstol and Ethel Piacentile as the first Board of Directors, all of whom are principals or associates of the Sponsor.

At the first annual meeting and at all subsequent annual meetings the membership will elect nine Directors to serve for one year terms. Cumulative voting will be employed in the election of Directors. Each voting Member will be entitled to cast as many votes as 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 of them as he sees fit. Directors may be removed by the affirmative vote of a majority of the members. The first annual meeting will be held within six (6) months of the first closing.

C. Control by Sponsor

Notwithstanding the provisions of Paragraph "B" above, the Class B Member, as hereinafter defined, will have the right to designate five Directors at any annual meeting of the Association members until fifty (50%) percent of the Homes in the Development are sold. During this period the Board of Directors will consist of nine members. Thereafter, the Class B Member will have the right to designate one Director for so long as it owns at least one Home. The Class B Member may not cast its votes to elect any Directors in addition to the designated Directors set forth above. When the Class B Member no longer owns a membership interest it may no longer designate any Directors. However, so long as there is a Class B Membership interest, which interest may exist for up to two (2) years, the Board of Directors may not, without the prior written consent of holders of the Class B Membership interest, (i) make any addition, alteration or improvement to the Common Areas, or (ii) assess any Association charge for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, or (iii) enter into any service or maintenance

contract for work not covered by contracts in existence on the date that the said Plan is declared effective, or (iv) borrow money on behalf of the Association, or (v) increase or decrease the services or maintenance set forth in Schedule A or (vi) purchase any materials, equipment or other goods costing in excess of \$1,000. The Class B Member will not use its control of the Board of Directors or veto powers to reduce the level of services described in the Plan, prevent capital repairs or prevent expenditures required to comply with applicable laws or regulations while the Class B Member is in control of the Board of Directors. No mortgage liens will be placed on the Common Areas without the consent of at least fifty-one (51%) percent of the Home Owners excluding the Class B Member. While the Class B Member is in control of the Board of Directors, certified financial statements will be provided each year to Members at the Association's expense.

D. Expenses of Operating
the Association

The costs and expenses of operating the Homeowners Association and of making capital improvements, if any, will be allocated equally among the 90 Homes in the Development. The Developer's obligation for such assessments on unsold Homes (whether built or unbuilt), subject to the Declaration, will be limited to all association charges, including supplemental charges, on all unsold Homes and lots. In no event, however, will the Developer be required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying assessments on unsold Homes.

The amount of the annual assessment for each Home will initially be 1/90 of the aggregate amount assessed for all of The Properties, reflecting the 90 Homes the Developer will construct. Prior to conveying title to the first Home to a purchaser for value, the Developer is required to convey title to the Common Areas to the Association.

NOTWITHSTANDING THE FOREGOING, THE DEVELOPER'S OBLIGATION WILL BE LIMITED TO ALL ASSOCIATION CHARGES, INCLUDING SUPPLEMENTAL CHARGES, ON ALL UNSOLD HOMES AND LOTS.

By his acceptance of a deed, each Home Owner, subject to the Declaration, will be deemed to covenant and agree to pay to the Homeowners Association such assessments as are fixed by its Board of Directors. Any sum assessed by the Board but unpaid, together with interest and reasonable collection costs, will constitute a personal obligation of the person who was the Owner of the property when the assessment fell due, as well as a charge on the land and a continuing lien on the property against which the assessment is made. In no event may voting rights be suspended for non-payment of assessments.

As the Homeowners Association will be an automatic Homeowners Association, no Member may exempt himself from contributing toward the expenses of the Homeowners Association by waiver of the use of the improvements maintained by the Association.

Set forth at page 4 is an estimate of the receipts and operating expenses of the Association for its first full year of operation.

At the closing of title to a Home a purchaser will contribute a sum equal to two (2) months' assessments (\$126.82) to the Association as initial working capital. During the period that Sponsor is in control of the Board of Directors, the working capital fund will not be used to reduce Association assessments. If any portion of the working capital fund is used during this period to pay for items in the budget set forth at page 4, such amounts will be repaid to such fund out of the Association assessments collected. Although the Sponsor is of the opinion that the working capital fund and the reserve fund set forth in the budget should be sufficient to cover foreseeable capital expenditures, no representation is or can be made that unforeseeable expenditures or additional capital expenditures desired by the Board of Directors in the future may not require the imposition of an additional assessment. Neither the Department of Law nor any other government agency has passed upon the adequacy of the working capital fund or the reserve fund.

E. Membership and Voting Rights
in the Association

The Association will have two classes of membership interest.

Class A - Class A Members shall be all owners of Homes with the exception of the Sponsor, its assigns and successors in interest. Each Class A Member shall be entitled to one (1) vote irrespective of the number of Homes it owns.

Class B - Class B Members shall be the Sponsor, its assigns or successors in interest who own Homes. Each Class B Member shall be entitled to one (1) vote irrespective of the number of Homes it owns.

The Class B membership shall cease to exist and shall be converted to Class A membership when fifty (50%) percent of the Homes in the Development are sold to Class A Members.

When more than one person or entity holds a member's or leasehold interest (the "Interest") in any Home, each vote attributable to the Home shall be exercised as such persons mutually determine, but not more than one vote per Interest may be cast with respect to any such Home. For purposes of this Section, the

word "Home" shall have the same meaning as "Lot" and therefore if there is no Home constructed on a particular Lot in the Development, the Owner of such Lot will still be considered a Member entitled to cast its vote as set forth above. No Member or lessee shall split or divide its votes on any motion, resolution, or ballot.

An affirmative vote of sixty-six and two-thirds (66-2/3%) percent of the members of Class A and Class B is required to amend the Declaration or By-Laws.

The Owner(s) of each Home unit in the Development shall be a Member whether such ownership is joint, in common or tenancy by the entirety. An affirmative vote of sixty-six and two-thirds (66-2/3%) percent of the members is required to amend the Declaration or By-Laws.

See page 14 for Class B Members' right to designate five Directors until the second anniversary of the recording of the Declaration or until fifty (50%) percent of the Homes have been sold, whichever shall first occur. Other than as set forth above, no Member shall split or divide its vote on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

LOCAL GOVERNMENT APPROVAL

The Sponsor received final subdivision approval from the Planning Board of the Village of West Haverstraw on May 19, 1986. The plans for the sanitary sewer system have been approved by the Joint Regional Sewer Board of the Town of Haverstraw.

FIRE AND CASUALTY INSURANCE ON HOMES, RECONSTRUCTION

Article X of the Declaration provides that each member shall be required to obtain and maintain adequate fire, flood (if required) and extended coverage insurance of his Home which shall insure the property for its full replacement value, with no deductions for depreciation, against loss by fire or other hazards.

If such insurance has not otherwise been adequately obtained by each Home Owner, then the Board shall obtain such insurance coverage and the cost of such premium will be an individual assessment against such Home Owner. Insurance obtained by the Board of Directors shall be written in the name of the Association as Trustee for the benefit of each Home Owner. The proceeds of all insurance claims must be deposited in a lending institution subject to the withdrawal only upon the signature of an authorized agent of the Board of Directors.

The Declaration further provides that repair or reconstruction of the damaged Homes must commence within 30 days of receipt of the insurance proceeds. The sole obligation of a Member is to either repair the damage or to remove the debris and clean up the affected area. In the event such reconstruction is not commenced for any reason (including the situation where a mortgagee of a Home retains the insurance proceeds to reduce the mortgage as a by Section 254 of the Real Property Law, the Board of Directors is empowered to reconstruct the Home and the cost hereof will be a special assessment against the Owner of such Home. Until such time as the home Owner pays the special assessment, the Board of Directors may be required to borrow funds or impose a special assessment against all Association Members to pay for such reconstruction.

OBLIGATIONS OF SPONSOR

Prior to the conveyance of title to any Home, the Sponsor will arrange for the Home to be released from the provisions of any land or construction loan mortgage encumbering the Development. The Common Areas will also be released from the lien of all mortgages prior to their conveyance by the Sponsor to the Association. The Sponsor does not currently intend to place any mortgages on the Development but reserves the right to do so. The Development accommodates a minimum of 90 families. The Sponsor will complete the construction of a compacted roadbed sufficient to allow ingress and egress to the Home before conveying title to the Home. The Sponsor will complete construction of all streets, sidewalks and parking facilities serving a Home or the building in which the Home is located and other facilities that are vital to the health and safety of the Home Owners prior to closing title to the first Home. The Sponsor will record the Declaration and convey title to the Common Areas to the Association prior to the closing of title to the first Home. Landscaping will be completed prior to the closing of title to the last Home or the following planting season. The Sponsor's obligation to complete the construction of the Common Areas will survive their conveyance to the Association. The Sponsor anticipates completion of the facilities and all Common Areas by August, 1987. The Sponsor has posted a letter of credit with the Town of Haverstraw to insure completion of the Common Properties.

The Developer will convey the Common Areas within the Development to the Association prior to the conveyance of title to a purchaser for value of the first Home within the Development.

At the time of the transfer of title of the Common Areas by the Developer to the Association, the Developer will furnish the Association with a fee title policy from a member of the New York Board of Title Underwriters covering the lands comprising the Common Areas. These fee policies of title insurance will be issued by a reputable title insurance company licensed to do

business in the State of New York, and will be in the amount of the total value of the Common Areas. Any proceeds of such title policies arising out of a claim of defective title, pertaining to land or facilities being conveyed to the Association, will be held for the benefit of and delivered to the Association.

The Sponsor will complete the Common Area improvements in accordance with the plans and specifications to be filed with the Town of Haverstraw, Rockland County, New York. The Sponsor reserves the right to substitute equipment or material and make modifications of design, provided, however, that the Sponsor may not substitute equipment or materials of lesser quality or design.

The Sponsor agrees to pay for the authorized and proper work involved in the construction, establishment and sale of all Association property. The Sponsor is obligated to complete the construction of all Common Area improvements to be constructed under the Plan and agrees to cause all mechanic's liens with respect to such construction to be promptly discharged or bonded.

The Sponsor has an obligation to defend any suits or proceedings arising out of Sponsor's acts or omissions and to indemnify the Board of Directors against such acts or omissions.

The Sponsor agrees to deliver a set of "as-built" plans of Common Properties improvements to the Board of Directors, including specifications of roads, sanitary systems, and/or water lines and a representation that the plans or specifications are in substantial compliance with the terms of the Offering Plan. The Sponsor will also endeavor to provide an engineer's certification that said improvements have been built in accordance with local government specifications. The Sponsor will amend the Plan to reflect such fact. The Sponsor has reserved an easement to complete construction of the Property and use the Common Properties facilities in connection with the sale of the Homes. The Sponsor will be obligated to repair any damage to the Common Areas caused by such construction.

The Sponsor is obligated to pay Association assessments on unsold Homes in the manner set forth at pages 15 through 16.

While Sponsor is in control of the Board of Directors, certified financial statements will be provided each year to each Home Owner.

The Sponsor may be liquidated at any time after completion of the improvements to the Common Areas.

PROCEDURE TO PURCHASE

A person desiring to purchase a Home in the Development will be required to execute a Purchase Agreement in the form set forth as Exhibit D of this Plan and to return it to the Sponsor together with a check in the amount of ten (10%) percent of the total purchase price. No Purchase Agreement may be entered into unless the purchaser has received a copy of the Offering Plan at least three (3) full business days prior to the execution of the Purchase Agreement. The Purchase Agreement provides that the closing of title will not be scheduled on less than ten (10) days prior written notice to the purchaser and that purchaser will have ten (10) days to cure any default under the Purchase Agreement.

All streets as constructed will conform to the adopted roadbed. Accordingly, although the purchaser may lose a small portion of property as a result of condemnation, any such property will be part of the existing roadway.

TRUST FUNDS

The Sponsor will hold all downpayment monies received directly or through its agents or employees in trust until the closing of title or the Sponsor will post a surety bond or letter of credit to be issued by a New York insurance company or lending institution securing repayment of such funds in the event the purchaser is entitled to such amount under the terms of the Offering Plan or Purchase Agreement. If a surety bond is posted or a letter of credit obtained, this Offering Plan will be amended to disclose such fact. If no bond is posted, such funds will be held as trust funds pursuant to Section 352-h and Section 352-e(2-b) of the General Business Law, in a special account entitled "Village Fairgrounds Special Account" in Nanuet National Bank, 250 South Middletown Road, Nanuet, New York 10960. Said account shall be a non-interest bearing account. The signature of Jerome Johnson, Esq., Johnson, Johnson & Tanz, 53 Burd Street, Nyack, New York 10960, as attorney for the Sponsor, shall be required to withdraw any of such funds. Such funds will be payable to the Sponsor upon the closing of title to the Home covered by the Purchase Agreement. In the event of default by the purchaser under such Purchase Agreement, which default continues for ten (10) days after notice of such default from the Sponsor to the purchaser, the down payment (plus the cost of any optional items ordered) may be released to the Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other.

MANAGEMENT AGREEMENT
AND OTHER CONTRACTUAL ARRANGEMENTS

The Sponsor will enter into an agreement with the Homeowners Association to manage the Development for one year at an annual fee of \$21,600 payable in monthly installments plus customary fees for minor services. The management agreement may be cancellable by either party after the first year on sixty (60) days prior written notice. The agreement may be cancelled at any time for cause.

The duties and services to be rendered by the Sponsor as Managing Agent include, among others:

1. Bill and collect maintenance charges and if authorized by the Board of Directors, to demand and sue for any maintenance charges that may be outstanding by a Home Owner.
2. Cause the Homeowners Association to be maintained, repaired or altered as may be advisable or necessary.
3. Engage and pay all help or employees which the Managing Agent may deem necessary to operate and maintain the Development.
4. Purchase all supplies and equipment, provide all services necessary and to obtain and pay for insurance, etc., as the Board of Directors may direct.
5. Maintain the Homeowners Association's books and attend meetings of the Board of Directors and Members of the Association.
6. Furnish annual reports of receipts and disbursements to the President and Treasurer of the Board of Directors.

All expenses incurred by the Managing Agent in performance of his duties shall be paid by the Members of the Association as a common expense, who will also indemnify the Managing Agent against any liability for acts properly performed by him pursuant to the agreement or the Board of Directors' instructions or for injury to person or property not resulting from the Managing Agent's gross negligence or willful failure to comply with his obligations under the management agreement.

The Managing Agent's responsibility for supervising repairs and alterations to the Common Areas is limited to those routine repairs and incidental alterations required in the course of the ordinary maintenance and care of the Common Areas. Non-emergency repairs and alterations involving an expenditure in excess of \$250 or more for any one item will be made only with the prior approval of the Board of Directors.

IDENTITY OF PARTIES

The Sponsor, Fairgrounds, Inc., is a New York corporation and will construct the entire Development. The major stockholder of the Sponsor is Eric Bergstol, who is also President of the corporation. Eric Bergstol has been actively engaged in real estate construction in Rockland County, New York for the past eight years. The Sponsor has not personally participated in any public offering for a cooperative or condominium interest in real estate.

All legal matters in connection with the establishment of the Association, the opinions of counsel contained herein, and the preparation of the Offering Plan have been passed upon for the Sponsor by Certilman Haft Lebow Balin Buckley & Kremer, Esqs., 305 Third Avenue, New York, New York, 10022. The Sponsor will be represented by Jerome Johnson, Esq., Johnson, Johnson & Tanz, 53 Burd Street, Nyack, New York 10960 for the individual closings of each Home.

The engineering firm which prepared the specifications set forth in Part II are Atzl & Scatassa, P.C., 248C North Main Street, New City, New York 10956.

The Selling Agent for the Development is Wildflower Realty Co., Inc., 86 Maple Avenue, New City, New York 10956.

The Sponsor will also enter into a contract with the Home-owners Association to manage the Development for one year. The Sponsor has had no previous management experience.

REPORTS TO MEMBERS

All members of the Association will receive annually (within four months of the end of each fiscal year) at the expense of the Association, copies of a Balance Sheet and a Profit and Loss Statement of the Association prepared and certified by an independent public accountant, a statement regarding taxable income attributable to the members, if any, and a notice of the holding of the annual meeting of the Association.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Offering Plan and Parts A, B, and C of the Exhibits and documents referred to herein will be available for inspection by prospective purchasers and by any person who has purchased a security offered by this Plan or who has otherwise participated in this Offering at the offices of the Sponsor at the address indicated on the front cover of this Offering Plan, and will remain available for such inspection for a period of six (6) years.

GENERAL

This Offering Plan contains a fair summary of the material facts of this Offering and does not knowingly omit any material fact or contain any untrue statement of any material fact.

There are no lawsuits or other proceedings now pending or any judgments outstanding, either against the Sponsor or the Association or any person or persons which might become a lien against the Development or which materially affect this Offering or Sponsor's capacity to perform all of its obligations under the Plan or operation of the Association.

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his race, sex, creed, color, national origin, or ancestry in the sale of Homes at Village Fairgrounds and in the simultaneous offering of memberships in the Association under this Offering Plan.

This property was not the subject of any prior offering. As of the date of first presentation of this Plan, neither the Sponsor nor any of its agents has raised funds or made any preliminary offering or binding agreement to or with prospective Home Owners.

The Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Plan which adversely affects Purchasers, then anyone who has theretofore executed a Purchase Agreement will be given not less than fifteen (15) days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor to cancel the Purchase Agreement and to obtain a refund, in full, of the down payment made herewith.

No person has been authorized to make any representation which is not expressly contained herein. This Offering Plan may not be changed or modified orally but only by a duly filed amendment.

FAIRGROUNDS, INC.

SPONSOR

Dated: March 4, 1987



VILLAGE FAIRGROUNDS HOMEOWNERS ASSOCIATION

PART II

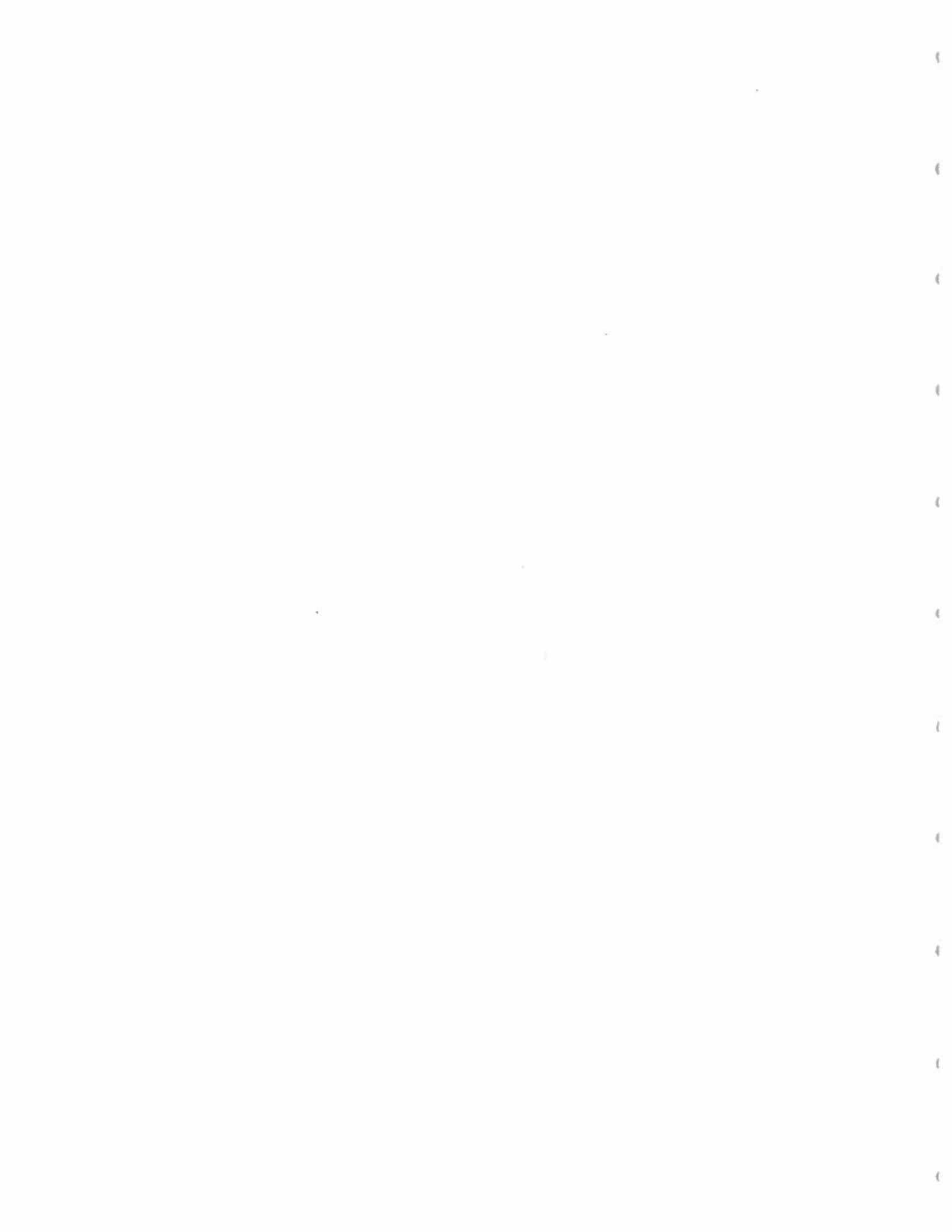




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DECLARATION OF COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS

Declaration made as of this day of , 198 , by Fairgrounds, Inc. a New York corporation with offices at 475 South Main Street, New City, New York 10956, hereinafter referred to as "Developer".

W I T N E S S E T H:

WHEREAS, the Developer is the owner of the real property referred to in Article II hereof and described in Schedule A of this Declaration which Developer desires to develop as an attached home residential community with various permanent open spaces and other common facilities for the benefit of said community; and

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

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

WHEREAS, the Developer has incorporated Village Fairgrounds Homeowners Association, Inc. under the Not-for-Profit corporation laws of the State of New York for the purpose of exercising the aforesaid functions;

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

EXHIBIT A

ARTICLE I. DEFINITIONS

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

- (a) "Association" shall mean and refer to Village Fairgrounds Homeowners Association, Inc., a New York Not-for-Profit corporation.
- (b) "The Properties" shall mean and refer to all that certain real property, both Homes and Common Areas, as is subject to this Declaration and which is described on Schedule A.
- (c) "Home" or "Lot" shall mean and refer to any plot of land intended and subdivided for residential uses shown on the subdivision map of The Properties but shall not include the Common Areas as herein defined.
- (d) "Owner" shall mean and refer to the record owner of fee simple title to any Home, including the Developer with respect to any unsold Home. Every Home Owner shall be treated for all purposes as a single owner for each Home held, irrespective of whether such ownership is joint, in common, or tenancy by the entirety. Where such ownership is joint, in common, or tenancy by the entirety, a majority vote of such owners shall be necessary to cast any vote to which such owners are entitled.
- (e) "Member" shall mean and refer to each holder of a membership interest in the Association. There shall be two (2) classes of membership interests in the Association for all purposes, including voting and maintenance assessments (see Article III).
- (f) "Development" shall mean Village Fairgrounds, a 90 Home development being constructed on The Properties.
- (g) "Developer" shall mean and refer to Fairgrounds, Inc. a New York corporation, and its successors and assigns, if such successors and assigns should acquire an undeveloped or a developed but unsold portion of The Properties from the Developer for the purpose of development.
- (h) "Common Areas" shall mean and refer to certain areas of land other than individual Homes as shown on the filed subdivision map and intended to be devoted to the common use and enjoyment of the owners of The Properties.
- (i) "Party Wall" shall mean and refer to the entire wall, from front to rear, all or a portion of which is used for support and each adjoining property, situate or intended to be situate, on the boundary line between adjoining properties.
- (j) "Board of Directors" shall mean and refer to the body of persons charged with managing the operations and affairs of the

Association pursuant to the provisions of the Association's Certificate of Incorporation and By-Laws.

(k) "Architectural Control Committee" shall mean and refer to the committee designated by the Board of Directors to review proposed construction of buildings, fences, walls or other structures, changes in landscaping and exterior additions and changes upon The Properties (see Article VII).

ARTICLE II. PROPERTY SUBJECT TO THIS DECLARATION

Section 1. The Properties. The real property which is the subject of this Declaration is all that certain plot, piece or parcel of land situate, lying and being in the Village of West Haverstraw, Town of Haverstraw, County of Rockland and State of New York, being more particularly bounded and described in Schedule A annexed hereto.

ARTICLE III. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

The Association shall have two classes of voting memberships.

Class A Class A Members shall be all owners of Homes with the exception of the Developer and its successors and assigns for purposes of development. Each Class A Member shall be entitled to one (1) vote irrespective of the number of Homes it owns.

Class B Class B Members shall be the Developer and its successors and assigns if such successors and assigns should acquire an undeveloped or a developed but unsold portion of The Properties from the Development for the purpose of development. Each Class B Member shall be entitled to one (1) vote irrespective of the number of Homes it owns.

The Class B membership shall cease to exist and shall be converted to Class A membership on the happening of the earlier of the following events:

(a) When fifty (50%) percent of the Homes in the Development are sold to Class A Members

(b) Two (2) years from the closing of title to the first Home.

An affirmative vote of sixty-six and two-thirds (66-2/3%) percent of the Members of Class A and Class B is required to amend the Declaration or By-Laws.

When more than one person or entity holds a Member's or leasehold interest (the "Interest") in any Home, each vote attri-

butable to the Home shall be exercised as such persons mutually determine but not more than one vote per Interest may be cast with respect to any such Home. For purposes of this section the word "Home" shall have the same meaning as "Lot" and therefore if there is no Home constructed on a particular Lot in the Development, the owner of such Lot will still be considered a Member entitled to cast its vote as set forth above. No Member or lessee shall split or divide its votes on any motion, resolution or ballot other than on the cumulative voting procedure employed in the election of Directors. No Member may cast more than one vote in any election irrespective of the fact that a Member owns more than one Home.

ARTICLE IV. PROPERTY RIGHTS IN THE PROPERTIES

Section 1. Members' Easement of Enjoyment. Subject to the provisions of Section 3, every Member shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title to every Home.

Section 2. Title to Common Areas. Prior to the conveyance of title to the first Home on The Properties, the Developer shall convey legal title to the Common Areas to the Association subject, however, to the following covenants which shall be deemed to run with the land and shall be binding upon the Association, its successors and assigns:

In order to preserve and enhance the property values and amenities of the Development, 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 private roadways, the landscaping situated on the Common Areas, the passive recreation area, any common storm and sanitary disposal systems and the Development's signs and fencing, if any, situated on the Common Areas.

The Developer hereby reserves all easements necessary to construct the various facilities it has heretofore contracted with the Home Owners to construct on the Common Areas.

This section shall not be amended, as provided for in Article XII, Section 2, 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 rights of any Member in and to the recreational facilities of the Association, if any, 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 to and from his Home.

(b) The right of the Association to charge Association Members reasonable admission and other fees for the use of the Common Areas. This right shall not be exercised for a period of three (3) years from the recording of the Declaration and after this period only with the approval of all classes of membership including by a vote of sixty-six and two-thirds (66 2/3%) percent of the Class A Members.

(c) 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, determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by all classes of membership including with regard to Class A Members, signatures of Members and their mortgagees entitled to cast eighty (80%) percent of the eligible Class A votes 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 ninety (90) days in advance of any action taken.

(d) The right of the Developer 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 and other utilities, and the right of the Developer to grant and reserve easements and rights-of-way, in, through, under, over, upon and across the Common Areas for the completion of the Developer's work, the marketing of the Homes it constructs upon The Properties and for the operation and maintenance of the Common Areas.

(e) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and in aid thereof, to mortgage said Common Areas. The rights of any such mortgagee in said Common Areas shall be subordinate to the rights of the Owners hereunder.

(f) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas against foreclosure.

Parking will be located in a central parking area located on the Common Areas containing ninety-nine (99) parking spaces. The Association shall provide for the structural maintenance of all roadways and the parking area, and the roadways and parking area shall be maintained by the Association, subject to reasonable rules and regulations promulgated by the Board of Directors.

Section 4. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, 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 Properties.

ARTICLE V. DEVELOPMENT OF VILLAGE FAIRGROUNDS

Section 1. Village Fairgrounds. The Developer intends to build 90 Homes on the approximate 13.367 acres of land comprising The Properties.

Section 2. Easements. The Developer does hereby establish and create for the benefit of the Association and for all Owners from time to time of Homes subjected to this Declaration and does hereby give, grant and convey to each of the aforementioned, the following easements, licenses, rights and privileges:

(i) Right-of-way for ingress and egress by vehicles or on foot, in, through, over, under and across the streets, roads and walks in The Properties (as shown on the Schedule A of the Plan and as such streets, roads and walks may be built or relocated in the future) for all purposes;

(ii) Rights to connect with, maintain and make use of water and utility lines, wires, pipes, conduits, cable television lines, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of The Properties and (if the Association and/or the Owners of the land upon which the sections of the lines, wires, pipes, conduits, cable television lines and equipment, and sewer and drainage lines are located neglect to keep them adequately maintained), the right to maintain and repair the

sane. If repair to the above described utility lines becomes necessary due to the neglect or misuse of an individual Home Owner, such Home Owner shall reimburse the Association for any and all expenses incurred by the Association in repairing said utility lines.

Section 3. Reservation of Easements. The Developer reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across The Properties, for the purpose of completing its work under Section 1 above and towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across The Properties, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, gas and other utilities and for any other materials or services necessary for the completion of the work. The Developer also reserves the right to connect with and make use of the 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 of other areas of The Properties. Finally, the Developer reserves the right to continue to use The Properties and any sales offices, model homes, gate house, signs, recreation facilities, and parking spaces located on The Properties in its efforts to market Homes constructed on The Properties. This paragraph may not be amended without the consent of the Developer.

Section 4. Encroachments on Homes. In the event that any portion of any roadway, walkway, parking area, driveway, water line, sewer line, utility line, sprinkler system, building or any other structure as originally constructed by Developer encroaches on any lot or the Common Areas, it shall be deemed that the owner of such lot or the Association has granted a perpetual easement to the owner of the adjoining lot or the Association as the case may be for continuing maintenance and use of such encroaching roadway, walkway, driveway, parking area, water line, sewer line, utility line, sprinkler system, building or structure. The foregoing shall also apply to any replacements of any such roadway, walkway, driveway, parking area, water line, sewer line, utility line, sprinkler system, building or structure if same are constructed in substantial conformance to the original. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

ARTICLE VI. COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation. The Developer, for each Home owned by it within The Properties, hereby covenants and each Owner of any Home by acceptance of a deed therefore, 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 such assessments as are fixed by the Association's Board of Directors and assessed to the Members as hereinafter pro-

vided. All sums assessed to the Association but unpaid, together with such interest thereon as is hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property owned by such Member against which each such assessment is made. Each such assessment, together with interest thereon and cost of collection thereof, as hereinafter provided shall be a personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of the Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in The Properties as a community and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and of the Homes situated upon The Properties, including as to the Common Areas without limiting the foregoing, the payment of taxes (if any), insurance thereon and repair, replacement and additions thereto, and the cost of labor, equipment, materials, services, management and supervision thereof.

Section 3. Amount and Payment of Annual Assessments. The Association's Board of Directors shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Association and shall send a copy of the budget and any supplement to the budget to each Member prior to assessing the Members thereon. The Board shall determine the total amount required, including the operational items such as insurance, repairs, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years and capital improvements approved by the Board. The total annual requirements and any supplemental requirements shall be allocated between, assessed to and paid by the Members as follows:

Each Member owning a Home shall pay a portion of said requirements the numerator of which shall be one (1) and the denominator of which shall be equal to the sum of the number of Homes on The Properties subject to this Declaration: Ninety (90). The Developer's obligation for such assessments on unsold Homes (whether built or unbuilt) subject to this Declaration will be limited to all Association charges including supplemental charges, on all unsold Homes and Lots. In supplying services to the Home Owners, the Developer may direct the Association not to supply maintenance or other services to any Home to which title remains in the Developer. The Developer's right to so direct the Association not to provide maintenance or other services to a Home owned by the Developer is expressly conditioned upon the Developer providing such services

itself at its sole cost and expense to the extent the Home requires such services. Express recognition is hereby given that an unbuilt or partially built Home requires far less maintenance than an occupied Home and that the Developer may choose to have his construction and other crews render maintenance services for its unsold Homes. The sum due the Association from each individual Home Owner shall constitute an assessment of the Board of Directors and unpaid assessments shall constitute liens on the individual Homes, subject to foreclosure as hereinafter provided.

Section 4. Due Dates; Duties of the Board of Directors. All Assessments shall be payable monthly in advance as ordered by 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 and shall 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 any Member. Upon the written request of a Member or his mortgagee, the Board shall promptly furnish such Member or his mortgagee with a written statement of the unpaid charges due from such Member.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessment 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, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the 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 thirty (30) days nor more than sixty (60) 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. Effect of Non-Payment of Assessment, The Personal Obligation of the Member; The Lien, Remedies of the Association. 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 and School District taxing agencies; and (b) all sums unpaid on any first mortgage 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.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the maximum permissible rate in the State of New York and the Association may bring an action at law against the Member or former Member personally obligated to pay the same and may foreclose the lien against the property. There shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorney's fees to be fixed by the court together with the cost of the action.

Section 7. Conveyance of a Home. In any conveyance of a Home, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the Grantee of the Home shall be jointly and severally liable with the Grantor for any unpaid Association assessments against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid Association assessments against the Grantor and such Grantee shall not be liable for, nor shall the Home conveyed be subject to, a lien for any unpaid Association assessments against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other purchaser of a Home at a foreclosure sale of an institutional mortgage.

Section 8. Quorum for any Action Authorized under Section 5. The quorum required for any action of the Members of the Association authorized by Section 5 of this Article VI shall be as follows:

At the first meeting called, as provided in Section 5 of this Article VI, the presence at the meeting of Members in person or by proxy entitled to cast sixty (60%) of all the votes of the Association shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 5 and the required quorum at each subsequent meeting shall be one-half (1/2) 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.

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 to or change, including painting, clotheslines, antennas and air conditioners, 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 control committee composed of five (5) representatives appointed by the Board. The Board, or its designated architectural control committee shall meet and act to approve or disapprove any such submissions within sixty (60) days after said plans and specifications have been submitted to it. A two-thirds majority of the Board or its architectural control committee shall be required for approval of any addition, change or alteration. The use of construction materials and colors utilized by the Developer shall be required. The Board or architectural control committee shall only approve repainting requests from among the colors to be selected by said architectural control committee.

In addition to the requirement of the Board of Directors or architectural control committee approval, neither the Board of Directors of the Association nor any Home Owner shall regrade or install any fences or hedges on any portion of The Properties without the consent of the Village of West Haverstraw. Except for those shown on the approved Site Plan, the Developer shall not install any fences on The Properties without the consent of the Village of West Haverstraw.

Any such change, addition, or alteration to or upon The Properties shall be subject to the applicable laws and regulations of the Village of West Haverstraw, and, where applicable, building permits for the proposed construction shall be obtained. No such change, addition or alteration enumerated above to an individual Home or Lot shall be approved by the Board until a permanent Certificate of Occupancy has been obtained for that Home.

The provisions of this Article VII shall not apply to Developer.

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 Article VIII, the general rule of law regarding party walls and liability for property damage due to negligence or willful 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 the Developer, including any party wall or fence, shall protrude over an adjoining lot, 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 the Developer. The foregoing conditions 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, and such damage is not otherwise covered by insurance as set forth in Article X, any Owner who has used the wall or fence must restore it, and if the other Owners thereafter make use of the wall or fence, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, 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 willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful 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 be binding and conclusive upon the parties.

Section 7. Authorization for Association to Make Repairs and Replacements. In the event that the Owners of two or more Homes who share a party wall or party fence fail to properly maintain and/or replace said wall or fence in a manner satisfactory to the Board of Directors, the Association shall do so in the manner

specified in Section 2 of Article IX of this Declaration. The cost of any such replacement shall be apportioned and assessed between or among the Owners of the Homes affected by the Board in such a manner as the Board shall deem equitable and such costs shall be added to and become a part of the assessments to which such Homes are subject.

ARTICLE IX. EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. The Association shall be responsible for maintaining and repairing all of the Common Areas, specifically including the interior roadways on The Properties and the parking area. Such maintenance of the roadways shall include sweeping, repairs, resurfacing, replacement and snow plowing. The Association shall also be responsible for maintaining and paying for the expense of all sewer and water laterals and maintaining all drainage facilities within The Properties. Landscape maintenance of the Common Properties shall be the responsibility of and be done at the expense of the Association.

In addition to maintenance of the Common Areas, the Association shall provide exterior maintenance to each Home which is subject to assessment under this Declaration as follows: grass cutting; of yard areas, snow removal and maintenance of the walks, exterior parking spaces and driveway to individual Homes and maintenance of any pipes, wires, or conduits located outside of any Home. The cost of all of the aforementioned items of maintenance, repairs and services shall be paid for by the Association. The Association shall be required to maintain the trees, plants and shrubs on the individual lots.

Section 2. Disrepair of Homes. 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, the Association shall have the right, through its agents and employees to enter upon the Home and to repair, maintain and restore the Home and all improvements erected thereon. The cost of such maintenance shall be added to and become part of the assessment to which such Home is subject. Except in the case of an emergency, the Board of Directors shall afford a Home Owner with notice, an opportunity to be heard and a reasonable period of time in which to take corrective action before ordering its agents to enter upon a Home for maintenance or repair purposes pursuant to this Section.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the maintenance required by this Article, the Association, through its duly authorized agents and employees, shall have the right on reasonable notice to enter upon any lot at reason-

able hours, on any day except Sundays and legal holidays (except that in an emergency situation such notice need not be given and such work may be performed on Sundays and legal holidays).

Section 4. Failure of Association to Maintain Facilities. In the event that the Association fails to maintain the Common Areas, including the roadways, fences, if any, drainage facilities, and in such manner as, in the reasonable opinion of the Village of West Haverstraw is necessary for the health, safety and general welfare of the Members of the Association and the general public, then the Village shall have the right to cause such services and/or maintenance to be performed on behalf of and at the expense of the Association and its Members.

ARTICLE X. INSURANCE

Section 1. Common Areas. The Board of Directors shall maintain public liability insurance, to the extent obtainable, covering the Association, each Association Member, lessee and occupant and the managing agent, if any, against liability for any negligent act of commission or omission attributable to them which occurs on or in the Common Properties. To the extent obtainable, the Board of Directors shall also be required to obtain fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the facilities on the Common Properties in an amount equal to their full replacement values. All insurance premiums for such coverage shall be paid for by the Association. The amount of fire and casualty insurance coverage until the first meeting of the Board of Directors shall be at least \$4,500,000.

Section 2. Homes.

(a) Home Owner's Insurance. Each Owner shall be required to obtain and maintain adequate insurance of his Home which shall insure the property for its full replacement value, with no deductions for depreciation, against loss by fire or other hazards. Such insurance shall be written in the manner acceptable to the Association. Each policy shall contain a loss payment provision which provides that the proceeds of any loss shall be payable to the Board of Directors who shall hold such funds in trust to insure that repairs are made as hereinafter set forth. Each Owner shall be required to supply the Board of Directors annually with evidence that insurance coverage on his Home which complies with the provisions of this Section is in effect and shall also supply the Board with satisfactory evidence that the premium on said insurance policy has been paid in full.

If the insurance provided under this Section has not otherwise been adequately obtained by each Owner, as determined by the Board of Directors, then the Board shall obtain such insur-

ance coverage. Such insurance shall be sufficient to cover the full replacement cost, or necessary repair or reconstruction work. The purpose of such insurance will be to protect, preserve and provide for the continued maintenance and support of separately owned Homes which shall include common party walls, connected exterior roofs, and other parts of the overall structure. Insurance obtained by the Board of Directors shall be written in the name of the Association as Trustee for the benefit of each Home Owner.

Premiums for insurance on an individual Home so obtained by the Board of Directors shall not be a part of the common assessment or expense, but shall be an individual assessment payable in accordance with the provisions of Article VI of this Declaration.

(b) Repair or Replacement of Damaged or Destroyed Property.

Each Owner shall be required to reconstruct or repair his Home if it is destroyed by fire or other casualty, in accordance with the original plans and specifications for the Home, or such modified plans and specifications as may be approved by the Board of Directors or its architectural committee. If no repair or rebuilding has been contracted for, or otherwise substantially started by the Owner, within thirty (30) days after the Board of Directors receives the insurance proceeds, or if the Owner fails to diligently pursue the completion of the repairs or rebuilding in a timely manner, the Board of Directors shall itself initiate or complete the repair or rebuilding of the damaged or destroyed portions of the structure, and/or exterior of the Home, in a good and workmanlike manner in conformance with the original plan and specifications or such modified plans which the Board may have approved at the Owner's request. The Board of Directors may advertise for sealed bids from any licensed contractors, and may then negotiate with said contractors. The contract or contracts selected to perform the work shall provide full performance and payment bonds for such repair or rebuilding. The Board or its duly designated agent shall make such progress payments as are necessary to complete the repairs or rebuilding out of the insurance proceeds and/or the special assessment imposed upon the Owner of the damaged Home. In the event the insurance proceeds are insufficient to fully pay the cost of repairing and/or rebuilding the damaged or destroyed portions in a good and workmanlike manner, the Board of Directors shall levy a special assessment against the Owner in whatever amount is sufficient to make up the deficiency. If the insurance proceeds exceed the cost of repairing and/or rebuilding such excess shall be paid over to the respective Owner and/or the Owner's mortgagee in such portions as shall be independently determined by those parties.

ARTICLE XI. USE OF PROPERTY

Section 1. Subject to Covenants and Restrictions. 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:

1. No part of The Properties shall be used for other than for the housing and recreational purposes for which The Properties were designed. Each Home shall be used as a single family residence and for no other purpose.

2. No animals, rabbits, livestock, pigeons, fowl or poultry of any kind shall be raised, bred, or kept in any Home except that no more than a total of one (1) dog, cat, or other household pet in the aggregate may be kept in a Home, provided that such pet is not kept, bred, or maintained for any commercial purposes and provided further that such pet shall not cause or create a nuisance or unreasonable disturbance. No unleashed animals shall be permitted upon the Common Areas unless carried in suitable containers; nor shall any animals be walked upon any portion of the Common Areas other than the streets. No animals may be tied and left unattended on the Common Areas or in the yard areas of the Homes. Each Home Owner shall be required to clean up after his pet at all times and shall be responsible for any damage to the Common Properties caused by his pet.

3. No Home Owner shall make or permit any disturbing noises in any building or Home, nor shall any noxious or offensive activity be carried on in any Home, nor shall anything be done therein, either willfully or negligently, which may interfere with the peaceful possession rights, comforts or conveniences of or which may be or become an annoyance or nuisance to the other Home Owners.

4. No industry, business, trade, occupation, or professional of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, exploration or otherwise shall be conducted, maintained, or permitted on any part of The Properties. No part of a Home may be rented and no transient tenants may be accommodated therein. No "For Sale" or "For Rent" signs or other window displays or advertising may be maintained or permitted on any part of The Properties or in any Home therein, except that the Developer may maintain a sales office and maintain signs and otherwise use The Properties, as is set forth fully in Article V, Section 3 of this Declaration.

5. No immoral, improper, offensive, or unlawful use shall be made of The Properties nor any part thereof and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

6. Nothing shall be done in any Home which will impair the structural integrity of the building.

7. The Homes herein are designed and constructed to harmoniously blend when viewed as an overall entity. Each Home Owner is hereby prohibited from altering the general appearance of the exterior of the Home, including exterior painting, grading and landscaping without complying with the provisions of Article VII of this Declaration. If repair or replacement is necessary, all such repairs and replacements shall be in good and workmanlike manner to essentially duplicate and maintain the appearance of the Home. This restriction shall be enforced by any legal means including but not limited to injunction and may be enforced by the Developer, the Homeowners Association or any Home Owner hereof or by the Planning Board of the Village of West Haverstraw.

8. No truck, except pick-up trucks not exceeding one-half ton, travel trailer, recreational vehicle, boat or any similar property shall be stored upon any lot. No more than two automobiles shall be parked upon Association maintained parking areas by any Home Owner, his guests and invitees, for a period of more than 24 hours without the prior written consent of the Association.

9. There shall be no regrading of any lot or part thereof without the prior written consent of the Association and the applicable agency of the Village of West Haverstraw.

10. It is prohibited to hang garments, rugs, etc. from the windows or from any of the buildings or to string clothes lines on or other individual Homes or Common Areas.

11. There shall be no exterior lighting permitted which would cast a glare upon any adjacent lot.

12. No Home Owner shall cause or permit the repair, dismantling or disability of any vehicle, machine or appliance other than within the dwelling unit, or permit such, or the parts thereof to be stored upon any lot or within the public right-of-way. The Association may, by prior written consent, permit do-it-yourself type of minor repairs to vehicles to be performed by its Members upon designated parking areas owned and maintained by the Association.

13. All Homes and yard areas, including landscaping and improvements thereon, shall be maintained and kept clean at all times in a manner so as to meet the approval of the Association in its sole discretion and no trash, garbage, or other waste may be kept on any lot except in sanitary containers. Garbage and trash containers shall be placed outside each Home by the Owner thereof on designated collection days. In the event any Home or yard area, including landscaping or improvements thereon, is not maintained and kept clean in such manner, the Association shall have the right, either itself or through any other person, to furnish the labor and/or materials necessary to bring said Home or yard area, including improvements and/or landscaping thereon, up to a standard

which meets the approval of the Association in its sole discretion, and to maintain them according to such a standard. In such event, the Owner of any such Home shall pay to the Association an amount equal to all direct and indirect costs and expenses incurred by the Association in furnishing such labor and/or materials or having the same furnished. The amount that the Owner of any such Home is obligated to pay hereunder shall constitute a lien on such Home, and shall be payable within ten (10) days after the charge is made. The Association shall be entitled (but not limited) to enforce its rights hereunder by following the procedure provided for the enforcement of Mechanics' and Materialmen's liens in the State of New York. The paragraph shall constitute a request by each Home Owner under the conditions stated herein for the Association to furnish any labor and/or materials which are furnished hereunder. Any claim against the Association shall not constitute an offset in any action by the Association for non-payment of any amounts which may be assessed hereunder.

14. The Home and area restricted to the Owner's use shall be maintained in good repair and overall appearance.

15. Any Member who mortgages or sells his Home shall notify the Board of Directors and provide the name and address of his mortgagee or the new Owner. The Member shall also provide the Board with a copy of his mortgage.

16. The Board of Directors shall, at the request of the mortgagee of the Home, report any delinquent assessments due from the Owner of such Home.

17. Regulations promulgated by the Board of Directors concerning the use of The Properties 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.

18. The maintenance assessments shall be paid when due.

19. No fences, including living fences, or gates shall be erected or planted on The Properties without the prior written consent of the Board of Directors and the applicable agency of the Village of West Haverstraw. The Developer, however, shall have the right to erect or plant fences or gates. The Developer has the right to prohibit the placement of any fence on The Properties, as long as it holds at least one lot for sale. This paragraph shall not prohibit the erection, repair and maintenance of perimeter fences around the exterior boundary of the Development.

20. No person shall park a vehicle or otherwise obstruct any resident's use of or ingress or egress to any parking space.

21. The patio areas located outside each Home shall be used for purposes of storage. Home Owner shall not erect or construct any locker or storage cabinets on the patio areas.

22. No person shall be permitted to use the recreational facilities of the Association, if any, except in accordance with the rules and regulations established by the Association's Board of Directors.

23. In the event of any violation or threatened violation of any of the covenants herein, the Association, the Developer or any Owner of a Home or parcel in the subdivision may bring an action at law or in equity, either for injunction, action for damages, or such other remedy as may be available. In the event the Association, the Developer or any Home Owner recovers a judgment against any person or entity for a violation or threatened violation of the covenants herein, they shall also be entitled to recover from such person or entity their costs as well as reasonable attorneys' fees.

24. No nuisances shall be allowed upon the Properties 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 Properties by the residents thereof.

25. No resident of the Development shall post any advertising or posters of any kind in or on the Properties except as authorized by the Board of Directors. This paragraph shall not apply to the Developer.

26. No television or radio antenna or any other type of receiving or transmitting antenna or structure shall be erected on the exterior of Homes or on any Lot without the prior written consent of the Board of Directors.

27. No Home Owner shall move, remove, add or otherwise change the landscaping on the Common Area. Each Home Owner is responsible for the landscaping and maintenance of his own individual Lot.

28. No Home Owners shall paint the exterior surfaces of windows, walls or doors opening out of his Home.

29. No Home Owners shall install or permit to be installed any window-mounted or through-the-wall mounted air conditioning unit in his Home.

30. Homes may be used for residential purposes only.

31. The Common Areas shall not be obstructed, littered, defaced or misused in any manner.

32. Every Member shall be liable for any and all damage to the Common Area and the property of the Association, which shall be caused by such Owner or such other person for whose conduct he is legally responsible.

33. No interior alterations to a Home are permitted which might impair the structural soundness of any party walls, reduce the levels of fire safety in neighboring Homes, or diminish the heat and sound insulation between Homes.

34. The failure by any Member or the Association to enforce any restrictions, conditions, covenant or agreement herein contained shall in no event be deemed a waiver of the right to do so thereafter as to the same breach or as to one occurring prior or subsequent thereto, nor shall such failure give rise to any claim or cause of action against the Association or such Member. In the event of the failure of any Member or the Association to enforce these restrictions, the Village of West Haverstraw, in accordance with applicable procedures, may institute such proceedings as a party-in-interest hereto, providing written notice shall be transmitted to the Association at least ten (10) days in advance of such proceedings. Such notice shall not apply to any act or breach which constitutes any imminent danger to the health or safety of the residents of the Development.

35. The Developer shall reserve the right to transfer to any other corporation, person or partnership, all of its rights and obligations hereunder. Upon such transfer and the assumption of such obligations by the transferee, the Developer shall have no further obligations hereunder.

36. If any provision of this Declaration or the application of such provision to any person or circumstances shall be held invalid, the remainder of this Declaration or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Section 2. Obligations Regarding Maintenance of Common Areas. It shall be the responsibility and obligation of the Association to adequately maintain the Common Areas including recreational facilities, if any, water and sewage connections and storm water piping and catch basins. The Association and its agents are hereby afforded control and all necessary powers to enable the Association to discharge this maintenance obligation. The cost of such maintenance and related insurance premium and expenses shall be paid for out of the general Association assessments.

ARTICLE XII. 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 also grant the benefit of such easement, license, right or privilege to his tenants and guests and 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 to 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, 2036, 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 Home Owners has been recorded, agreeing to change said covenants and restrictions in whole or in part. Notwithstanding the foregoing, the easements, licenses, rights and privileges established and created with respect to The Properties by Sections 2 and 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 Owners of Homes on The Properties. Unless specifically prohibited herein, this Declaration may be amended by an instrument signed by Members of Class A and Class B holding not less than sixty-six and two-thirds percent ($66 \frac{2}{3}$) of the votes of each respective class of voting 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 the same as those to which they were required to be devoted by the Association. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable 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 to any Member vested in him under the licenses, covenants and easements of this Declaration, or under any subsequently recorded covenants, deeds or other documents applicable to The Properties, except as may be otherwise provided in this Declaration or said covenants, deeds or other documents, as the case may be, nor shall any other party under any such deeds, covenants or other documents be deprived of any rights thereunder on account of such disposition.



STATE OF NEW YORK)
) ss.:
 COUNTY OF)

On the day of , 198 , before me personally came ERIC BERGSTOL, to me known, who, being by me duly sworn, did depose and say that he resides at No. 243 East Townline Road, West Nyack, New York 10994, that he is the President of Fairgrounds, Inc. the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by like order, of said corporation.

 Notary Public



CERTIFICATE OF INCORPORATION
OF

VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION, INC.

(Under Section 402 of the Not-for-Profit Corporation Law)

JANICE P. DOONER, being of the age of nineteen years or over, for the purpose of forming a corporation pursuant to Section 402 of the Not-for-Profit Corporation Law of New York, does hereby certify:

FIRST: The name of the corporation is VILLAGE FAIRGROUNDS HOMEOWNERS ASSOCIATION, INC. (the "Corporation").

SECOND: That the Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law.

THIRD: The purpose or purposes for which the Corporation is formed are as follows:

A. To promote the health, safety and welfare of the residents of a residential community proposed to be developed by Fairgrounds, Inc., on lands situated at the east side of Old Route 9W, Village of West Haverstraw, Town of Haverstraw, County of Rockland, and State of New York; and for this purpose:

(1) To own, acquire, build, operate and maintain land and facilities for recreational and community use, including roads, structures and personal property incidental thereto, hereinafter referred to as the "Common Areas"; and

(2) To enforce any and all covenants, restrictions and agreements applicable to the residential parcels within the above described residential community and the Common Areas, hereinafter collectively referred to as "the Properties", (the enforcement of which is not specifically and exclusively reserved to others), and particularly the Declaration of Covenants, Restrictions Easements, Charges and Liens.

B. To make and perform any contracts and do any acts and things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any objectives enumerated herein and in the Declaration and By-Laws of the Corporation, but not for the pecuniary profit or financial gain of its members, directors or officers except as permitted under Article 5 of the Not-for-Profit Corporation Law.

C. The Corporation, in furtherance of its corporate purposes above set forth, shall have the powers enumerated in Section 202 of the Not-for-Profit Corporation Law, subject to any limitations provided in the Not-for-Profit Corporation law or any other statute of the State of New York.

FOURTH: The Corporation shall be a Type A Corporation pursuant to Section 201 of the Not-for-Profit Corporation Law.

FIFTH: This Certificate may be amended pursuant to the provisions of the Not-for-Profit Corporation Law.

SIXTH: The office of the Corporation will be located in the County of Rockland and State of New York.

SEVENTH: The Secretary of State is hereby designated as the agent of this corporation upon whom process against this corporation may be served. The post office address to which the Secretary of State shall mail a copy of any process against this corporation served upon him as agent of this corporation is: 475 South Main Street, New City, New York 10956.

EIGHTH: The name and address of the registered agent who is to be the agent of the Corporation upon whom process against it may be served is Eric Bergstol, 475 South Main Street, New City, New York 10956.

NINTH: The names and residential addresses of the Directors constituting the Board of Directors are:

Leif Bergstol
28 Scenic Drive
Suffern, New York 10901

Eric Bergstol
243 East Townline Road
West Nyack, New York 10994

Ethel Piacentile
10 Linden Street
Congers, New York 10920

TENTH: The corporation shall initially have two classes of members. The designation and characteristics of each class and the qualifications and rights of, and limitations upon the numbers of each class shall be as set forth in the Corporation's By-Laws.

IN WITNESS WHEREOF, I have made and signed this Certificate this *1st* day of December, 1986 and I affirm the statements contained herein as true under penalties of perjury.



JANICE P. DOONER

805 Third Avenue
New York, New York 10022

BY-LAWS
OF
VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION, INC.

Certilman Haft Lebow Balin Buckley & Kremer
Attorneys for the Sponsor
805 Third Avenue
New York, New York 10022

EXHIBIT C

BY-LAWS
OF
VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS
OF
VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION, INC.

A New York Not-for-Profit Corporation

ARTICLE I. NAME, LOCATION AND PRINCIPAL OFFICE

These are the By-Laws of Village Fairgrounds Homeowners Association, Inc. hereinafter referred to as the "Association". The principal office of the Association shall be located at 475 South Main Street, New City, New York 10956.

ARTICLE II. DEFINITIONS

The following words when used in these By-Laws shall, unless the context otherwise prohibits, have the meanings set forth below:

- (a) "Association" shall mean and refer to Village Fairgrounds Homeowners Association, Inc., a New York Not-for-Profit corporation.
- (b) "Developer" shall mean and refer to Fairgrounds, Inc., a New York corporation and its successors and assigns.
- (c) "Declaration" shall mean and refer to the Declaration of Covenants, Restrictions, Easements, Charges and Liens recorded among the land records in the Office of the County Clerk, Rockland County, New York.
- (d) "The Properties" shall mean and refer to all that certain real property, both Homes and Common Areas described in and subject to the Declaration as set forth in the Declaration.
- (e) "Home" or "Lot" shall mean and refer to any plot of land intended and subdivided for residential uses shown on the subdivision map of the Properties but shall not include the Common Areas as herein defined.
- (f) "Member" shall mean and refer to each holder of a membership interest in the Association, as such interest is set forth in Article VI.
- (g) "Owner" shall mean and refer to the record owner of fee simple title to any Home, including the Developer, with respect to

any unsold Home. Every Owner of a Home 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, a majority vote of such owners shall be necessary to cast any vote to which such owners are entitled.

(h) "Common Properties" or "Common Areas" shall mean and refer to certain areas of land other than individual Lots as shown on the filed subdivision map and intended to be devoted to the common use and enjoyment of the owners of the Properties.

(i) "Development" shall mean Village Fairgrounds, a 90 home development being constructed on the Properties.

ARTICLE III. PURPOSE

This Association is formed to own, operate and maintain the Common Properties for the benefit of the members of the Association.

ARTICLE IV. APPLICABILITY

All present and future Members 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

The Common Properties shall be limited to the use of the Members and their guests. However, in the event that a Member shall lease or permit another to occupy his Home, the lessee(s) or occupant(s) shall at the option of the Member, be permitted to enjoy the use of the Common Properties in lieu of and subject to the same restrictions and limitations as said Member. However, both the Member and the Lessee(s) may not use the facilities at the same time.

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 voting membership.

Class A - Class A Members shall be all owners of Homes with the exception of the Sponsor, its assigns and successors in interest. Each Class A Member shall be entitled to one (1) vote irrespective of the number of Homes it owns.

Class B - Class B Members shall be the Sponsor, its assigns or successors in interest who own Homes. Each Class B Member shall be entitled to one (1) vote irrespective of the number of Homes it owns.

When more than one person or entity holds a Member's or leasehold interest (the "Interest") in any Home, each vote attributable to the Home shall be exercised as such persons mutually determine but not more than one vote per Interest may be cast with respect to any such Home. For purposes of this section the word "Home" shall have the same meaning as "Lot" and therefore if there is no Home constructed on a particular Lot in the Development, the Owner of such Lot will still be considered a Member entitled to cast its vote as set forth above. No Member or lessee shall split or divide votes on any motion, resolution or ballot.

The Class B membership shall cease to exist and shall be converted to Class A membership when fifty (50%) percent of the Homes in the Development are sold to Class A Members.

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 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 use the recreational facilities, if any, or the Common Properties may be suspended by the Board of Directors until such assessment has been paid, except that the suspension of said right shall not preclude the use by the Member of roadways located on the Common Properties and any other means of access to the Member's Home. Such rights of a Member may 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 shall the suspension of membership for default in the payment of assessments result in the suspensions of the defaulting Member's voting rights.

ARTICLE VII. QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. So many Members as shall represent at least fifty-one (51%) percent of the total authorized votes of all Members 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

thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least five (5) days written notice of such adjourned meeting shall be given to all Members. At such adjourned meeting any business may be transacted which might have been transacted at the meeting originally called. At such adjourned meeting, so many members as shall represent at least thirty three and one-third (33-1/3) of the total authorized votes of all Members shall constitute a quorum.

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 and 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. Waiver and Consent. Wherever 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 6. Place of Meeting. Meetings shall be held at any suitable place convenient to the Members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 7. 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 meetings 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 8. 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 9. 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 at least ten (10) but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 10. 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 seven nor more than nine. An initial Board consisting of three Directors shall be designated by the Developer to serve until the first annual meeting of the Association. At the first annual meeting and at all subsequent annual meetings the Members shall vote for and elect nine Directors to serve for one year terms and until their successors have been duly elected and qualified. All directors, other than those the Developer shall have the right to designate, must be either Members of the Association or immediate family members residing in the Member's home. As required by law, each Director shall be at least nineteen years of age.

Section 2. Cumulative Voting and Right of the Class B Member Designate Certain Board Members. In an 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.

Notwithstanding the foregoing, the Class B Member shall have the right to designate five Directors until the second anniversary date of the recording of the Declaration or until fifty (50%) percent of the Homes in the Development are sold, whichever is

sooner. Thereafter, the Class B Member shall have the right to designate one Director for so long as it holds at least one membership. When the Class B Member no longer holds any membership interests it may not designate any Directors. The Class B Member may not cast its votes to elect any Directors in addition to the designated Directors set forth above. This paragraph may not be amended without the consent of the Class B Member.

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 appointed by Developer resigns, the Developer shall have the right to appoint another Director in his place.

Section 4. Removal. Directors may be removed for cause by an affirmative vote of a majority of the Members. 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 a Member.

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 Properties payable in advance. 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 roads, recreation facilities, Common Areas, and common area landscaping;

3. To make repairs, restore or alter the Common Properties after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

4. To open bank accounts and borrow money on behalf of the Association and to designate the signatories to such bank accounts;

5. 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;

6. 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. Such rules and regulations may without limiting the foregoing include reasonable limitations on the use of the Common Properties by guests of the Members as well as reasonable admission and other fees for such use;

7. To employ workmen, contractors and supervisory personnel, and to purchase supplies and equipment, to enter into contracts to provide maintenance and other services and generally to have the power of Directors in connection with the matters hereinabove set forth;

8. To bring and defend actions by or against one or more Members and pertinent to the operation of the Association and to assess special assessments to pay the cost of such litigation; and

9. To hire a Managing Agent to perform and exercise the powers of the Board of Directors in the management of the Development.

(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) Members, Lessors of Members, or immediate family members residing in homes of 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 committees 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.

(c) Notwithstanding anything to the contrary contained in these By-Laws, so long as there are Class B Membership interests, which interests may exist for up to two (2) years, the Board of Directors may not, without the prior written consent of the holders of the Class B Membership interests (i) make any addition, altera-

ation or improvement to the common area, or (ii) assess any Association charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund or, (iii) enter into any service or maintenance contract for work not covered by contracts in existence on the date the said Plan is declared effective or, (iv) borrow money on behalf of the Association or, (v) increase or decrease the services or maintenance set forth in Schedule A of Village Fairgrounds Offering Plan or, (vi) purchase any materials, equipment or other goods costing in excess of \$1,000.00. The Class B Members shall not use its veto power or control of the Board of Directors to reduce the level of services described in the Offering Plan or prevent capital repairs or prevent expenditures required to comply with applicable laws or regulations. While the Class B Members are in control of the Board of Directors, no mortgage liens will be placed on the Common Properties without the consent of at least fifty-one (51%) percent of the Home Owners other than the Class B Members. This paragraph may not be amended except with the consent of the holders of the Class B Membership interests.

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 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 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 meet-

ing 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 (at the annual meeting) 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 Association members.

Section 9. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be an expense of the Association.

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 Properties 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. Only the President must be a member of the Board.

Section 3. Appointive Officers. 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 a period of one year or 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 Board of Directors present at such meeting, provided prior notice was given to all Board members that this item was on the agenda for such meeting. 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. These duties may also be exercised by the Managing Agent, if any. However, such Management Agent shall not replace the Treasurer.

He shall disburse the funds of the Association as he may be ordered by the Board, making proper vouchers for such disburse-

ments 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 amount paid 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. Definitions. 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 1 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 4 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 5 of Article VI of the Declaration.

Section 6. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinated pursuant to the provisions of Section 5 of Article VI of the Declaration.

Section 7. 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 8. 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.

Section 9. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes.

ARTICLE XII. AMENDMENTS

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 and (2) that the amendment shall be approved by vote of at least sixty-six and two-thirds (66 2/3%) percent of the Members. 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. Nor shall any amendment have the effect of infringing upon the Developer's right to build and make membership in or use of the Association available to purchasers or lessees of no more than 90 Homes on the Properties.

ARTICLE XIII. SELLING, LEASING AND GIFTS OF HOMES

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased by a Member free of any restrictions except that no Member shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid Association expenses assessed against the Home shall have been paid as directed by the Board of Directors. Such unpaid Association expenses, however,

may be paid out of the proceeds from the sale of a Home, or by the Grantee. Any sale or lease of a Home or unit in violation of this section shall be voidable at the election of the Board of Directors. Upon the written request of a Member or his mortgagee, the Board or its designee shall furnish a written statement of the unpaid charges due from such Member which shall be conclusive evidence of the payment of amounts assessed prior to the date of the statement. A reasonable charge may be made by the Board for the issuance of such statements.

The provisions of this section shall not apply to the acquisition of a Home by a mortgagee who shall acquire title to such Home by foreclosure or by deed in lieu of foreclosure. In such event the unpaid assessments against the Home which were assessed and became due prior to the acquisition of title to such Home by such mortgagee shall be deemed waived by the Association and shall be charged to all other Members of the Association as a common expense. Such provisions shall, however, apply to any assessments which are assessed and become due after the acquisition of title to such Home by the mortgagee and to any purchaser from such mortgagee.

Whenever the term "Home" is referred to in this Section, it shall include the Home, the Member's interest in the Association and the Member's interest in any Homes acquired by the Association.

Section 2. Gifts, etc. Any Member may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy without restriction.

ARTICLE XIV. 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, including painting, clotheslines, antennas and air conditioners, 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 control committee composed of five (5) representa-

tives appointed by the Board. A two-thirds (2/3) majority of the Board of Directors or its architectural control committee shall be required for approval of any additional, change, or alteration. In the event said Board, or its designated architectural control committee, fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Notwithstanding the above, no change enumerated above to an individual Home or Lot shall be approved by the Board until a permanent Certificate of Occupancy has been obtained for that Home. The provisions of this Article VII shall not apply to the Developer.

Section 4. Examination of Books and Records. Each Member, or their respective representatives and first mortgagees, 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. The Declaration, Certification of Incorporation and the By-Laws of the Association shall be available for inspection by any Member or first mortgagee 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 required.

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 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.

PURCHASE AGREEMENT

Agreement made and dated _____, 198____, between Fairgrounds, Inc., a New York corporation having its offices at 475 South Main Street, New City, New York 10956, hereinafter called the "Seller" and _____ residing at No. _____ hereinafter called the "Purchaser".

WHEREAS, the Seller desires to offer for sale individual lots improved or to be improved by Seller with a single family dwelling (the "Home") on land owned by Seller located in the Fairgrounds Subdivision of the Village of West Haverstraw, Town of Haverstraw, County of Rockland and State of New York, together with mandatory memberships in the Village Fairgrounds 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 undertakings hereinafter set forth, the parties hereto mutually agree as follows:

1. Sale of Home. Seller agrees to sell and convey, and Purchaser agrees to purchase:

ALL that certain plot, piece and parcel of land, with a Home conforming substantially to Model Type "_____" now on exhibit at the Fairgrounds Subdivision in the Village of West Haverstraw, Town of Haverstraw, County of Rockland and State of New York, except as herein provided, said home constructed or to be constructed by Seller on premises known as Lot No. _____ on a certain Map entitled "Subdivision Map known as Fairgrounds Subdivision situate in the Village of West Haverstraw, Town of Haverstraw, Rockland County, New York," and filed in the office of the Clerk of the County of Rockland on _____ as Map No. _____, hereinafter referred to as "Map".

Subject to and reserving to the Seller and to the Association, and their successors and assigns: a ten (10) foot wide easement along all road frontages for purposes of installation, repair, replacement and maintenance of road, drainage, sewer and/or utility improvements, and for temporary use during road plowing and/or clean up for purposes of temporarily depositing materials cleared from the road (including, but not limited to, snow, ice, leaves, brush, branches, sand, salt and stone); an easement extending five (5) feet along each side of any drainage, sewer or utility lines shown on the aforementioned filed map or on the survey utility lines shown on the aforementioned filed map or on the survey annexed hereto, if any; easements shown and described on that certain map filed in the Rockland County Clerk's Office as Map No. _____ on _____, 198____.

Together with easements over the roads, shown on the Map, to the nearest public street but excepting and reserving the fee to said roads, the title of which, except as noted below, has been or will be deeded to and owned by the Association pursuant to the Declaration of Covenants, Restrictions, Easements, Charges and Liens, hereinafter referred to as the "Declaration", and together with a right and easement, as limited to the Declaration, to the use of and enjoyment through the Association in and to the Common Properties and facilities thereon, which right and easement shall pass with the title to the premises herein described.

2. Homeowners Association. The Seller has exhibited and delivered to the Purchaser and Purchaser has read and agrees to be bound by the proposed Declaration, the By-Laws and Offering Plan of the Association (and the Exhibits attached thereto), as the same may from time to time be amended, 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. Pursuant to Regulation, this Agreement is being executed more than 72 hours after the receipt by the Purchaser of a copy of the Offering Plan.

3. Purchase Price. The purchase price is \$ _____ payable as follows:

- (i) \$ _____, Total Price;
- (ii) \$ _____, previously received as a non-binding reservation deposit (where applicable);
- (iii) \$ _____, on the signing of this agreement, receipt whereof is hereby acknowledged;
- (iv) \$ _____, certified or bank cashier's check on closing of title;
- (v) \$ _____, Loan in that amount, to be procured by the Purchaser from a financial institution designated by Seller for a term of _____ years which shall include interest at _____% or 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.

4. Construction of Home by Seller. The Seller agrees, at its own cost and expense to erect and construct a one-family dwelling substantially similar to the Model House, Type _____, on exhi-

bit by the Seller, except as herein provided, which dwelling shall be constructed in accordance with the exhibit by the Seller, except as herein provided, which dwelling shall be construction in accordance with the requirements as to materials and workmanship of the Municipality wherein it is or will be located. The Seller reserves the right to make changes and/or substitutions in the construction of said dwelling, provided that any substituted materials shall be of like grade or quality to the materials shown in the Model Home.

5. Items Included in Purchase Price. Included in this sale are the following: (a) a 4-burner range; (b) kitchen cabinets; (c) inlaid linoleum on kitchen floor; (d) electrical fixtures (except dining room fixture); (e) plumbing and heating plants and fixtures; (f) grading of the plot and additional items referred to in Exhibit _____, hereto.

6. Excluded Items. The furniture, house furnishings, air conditioning, air conditioning ducts, ceramic tile other than in bathroom, decorative electrical fixtures, wall panelling, accessories, special landscaping, wallpaper, burglar alarm, shelving, decorator paint colors, mirrors, built-ins, decorator carpeting, washing machines, clothes dryers, refrigerators, fireplace accessories and other items in the Model Home except as listed in Paragraph 5, above, are for display purposes only and are not included in the purchase price.

It is understood and agreed that Seller makes no representation or warranty with regard to the number, nature, quantity and condition of trees and shrubbery now on said premises, and Seller expressly reserves the right in its sole discretion to remove any existing trees and shrubbery now on said premises. Seller shall not furnish nor be obligated for any tree surgery, treatment or care, or to remove any trees.

7. Closing Costs and Adjustments. The Purchaser further agrees to pay to the Seller at the closing of title: the applicable New York State transfer taxes, survey fees and the actual fee for recording the deed to the Home, as well as the applicable sales tax on any items of personal property, if any. In the event the Purchaser shall obtain a purchase money mortgage, he shall also pay all applicable fees connected therewith such as origination fees, fees for credit reports, the actual cost of appraisal and inspection fee, mortgage tax, mortgage title insurance, bank attorneys fees for preparation of the documents necessary for the mortgage loan, all recording fees and all other governmental charges assessed on the loan. All applicable real estate taxes and other usual and normal closing charges and any Association Assessments assessed during the month that title closes or established as a reserve, shall be adjusted as of the closing date based upon the last bill rendered for such taxes or charges. The Purchaser shall pay the fee of his own attorney and the premium for a fee title insurance policy, if he desires such coverage. In addition thereto, the

Purchaser agrees to pay at the closing to the Association the pro-rata portion of the current month's general Assessment in advance and a sum equal to \$ to be used as initial working capital. Purchaser shall make the required deposits with the lending institution for future payments of taxes and insurance premiums, (including flood insurance, if required) and, if collected by the lending institution, for Association Assessments.

8. Deed and Subject To. The closing deed shall be a Bargain and Sale Deed With Covenant 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 13 of the 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 and all requirements, terms and conditions of governmental approvals and permits applicable to the premises; (b) Easements for screening and planting and for sewer, water, gas, fuel line, drainage, electricity, cable television, electricity, telephone and other similar utilities, if any, granted or to be granted; (c) Usual rights of owners in party walls; (d) The Declaration of Covenants, Restrictions, Easements, Charges and Liens referred to in Paragraph 2 of this Agreement which the Seller will or has recorded in the Office of the County Clerk of Rockland County; (e) Unpaid taxes and liens, provided the title company shall insure against collection of same from the premises; (f) The subdivision map of the development to be filed; (g) Any state of facts an accurate survey or inspection would show; (h) Rights, if any, in favor of any electric light or telephone company to maintain guy wires extending from said premises to poles located on the roads on which said premises abut; (i) Underground encroachments as may exist for entry upon said premises to maintain and repair the same; and (j) Any other encumbrance which would not prevent or interfere with the use of the Home for the purposes of the Offering Plan.

9. Additional Provisions to be Contained in Deed. It is expressly understood and agreed by and between the parties to this Agreement that the deed conveying title pursuant to this Agreement shall contain the following clause:

"Grantee, by taking title to the premises above described, hereby becomes a member of Village Fairgrounds Homeowners Association, Inc., a not-for-profit corporation, which holds title to the Common Properties set forth on the Map and which will hold title to the Common Properties set forth or to be set forth on the Maps of the Fairgrounds Subdivision. The

parties hereto understand and agree that membership in the Village Fairgrounds Homeowners Association, Inc. and ownership of the premises herein conveyed, cannot be separated, and that any transfer of title to said premises will, by reason thereof, automatically and mandatorily transfer to any such Grantee membership in Village Fairgrounds Homeowners Association, Inc. Grantee, for himself, his heirs, successors and assigns, covenants that he will (i) abide by all the provisions of the Declaration of Covenants, Restrictions, Easements, Charges and Liens filed on _____, 1985 in the Office of the Clerk of Rockland county in Liber of Land Records, page ____; (ii) abide _____ by the By-Laws and rules and regulations of Village Fairgrounds Homeowners Association, Inc. for the maintenance and operations of the Common Properties located or to be located on the Map of the Fairgrounds Subdivision. Grantee, for itself, its successors and assigns, covenants with each owner, his/their heirs, successors and assigns, of other Lots on the Map and of the Lots shown or to be shown on the Map of the Fairgrounds Subdivision that he/they are firmly bound to maintain the premises herein conveyed in good order, and in clean and good condition and as an attractive residence."

10. Delivery of Deed, Incomplete Home at Time of Closing. 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 _____, 198____, or at another date and time designated by the Seller upon ten (10) 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 as set forth in paragraph _____ of this Agreement in the event of delay by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements. If the Purchaser is not ready to close title at the date and time fixed pursuant to the contract, any adjournment exceeding ten (10) days granted at the request of the Purchaser shall be upon the condition that all adjustments, including mortgage interest shall be made as of the date originally fixed for the closing of title. Interest in such case shall be at the same rate paid by Purchaser on his mortgage, if any, otherwise at the rate generally charged by lending institutions in the area of the Town of Haverstraw, New York at the time of the closing. Nothing herein contained shall be construed to require Seller to grant any adjournment not reasonable in duration. In the event the Home or its environs are not completed, but are substantially completed and habitable, on the date set by Seller for closing of title, same shall not constitute an objection to closing title, provided a Certificate of Occupancy has been obtained from the appropriate official of the local municipality, and provided Seller shall, by letter agreement to survive title closing, agree to complete any open items within ninety (90)

days after closing, weather and circumstances permitting. If Seller makes an allowance to Purchaser for any work or materials, or if Purchaser and Seller hereafter agree that Purchaser shall do any of the Seller's work or supply any materials to be supplied by Seller hereunder in order to complete the Home, and if the lending institution withholds from the Purchaser's mortgage an escrow deposit to insure the completion of said work and the supply of said materials, the Purchaser agrees to pay to the Seller, in cash at the closing, the amount of such escrow deposit.

11. Purchaser's Obligations Respecting Mortgage Loan. The mortgage loan applied for by the Purchaser herein, if any, shall be secured by a first mortgage on the Home herein described payable in monthly installments of principal and interest, together with such installments of taxes, water, sewer, insurance and Association Assessments as the lending institution shall require. The Purchaser hereby agrees to notify the Seller prior to applying for such loan and to obtain the Seller's written approval of such lending institution. The Purchaser hereby agrees to furnish, deliver and/or execute all other instruments in connection with the Purchaser's application for such loan, to furnish all information required by the lending institution and/or Seller and to render within ten (10) days from the date of this Purchase Agreement 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 one spouse only on behalf of Purchasers such spouse agrees that the other spouse will join in the application for and consummation of the mortgage loan). Failure to comply will be deemed a material breach of this agreement. In the event the mortgage shall be approved in a reduced amount, the Purchaser agrees to accept said mortgage on condition that it be reduced by not more than \$5,000. If, after compliance with the foregoing by the Purchaser, he is not approved by the lending institution approved by Seller within sixty (60) days from date of this agreement, then this agreement shall be deemed cancelled and the monies paid hereunder by the Purchaser shall be refunded to the Purchaser without interest and the parties hereto shall be released from any liability hereunder except that the Seller reserves the right but not the obligation to designate another lending institution or to grant the mortgage loan itself on the same terms and conditions. If such other lending institution or Seller does not approve the Purchaser within an additional forty-five (45) days, then this agreement will be deemed cancelled and all monies paid by Purchaser will be refunded without interest, if any, following which neither party shall have any obligation to the other hereunder. The instruments furnished by the Purchaser are hereby made part of this Agreement.

12. Breach of Purchase Agreement by Purchaser. Should Purchaser violate, repudiate, or fail to perform any of the terms of this

agreement, or fail to make any payment in a timely fashion, which default remains uncured for ten (10) days after written notice of such default from Seller, Seller may, at its option, retain all or any part of the monies paid on account hereunder including the price of any custom work ordered, as liquidated damages, in which event the parties shall be discharged of all further liability hereunder. The foregoing provision for liquidated damages shall not, however, limit or affect any legal or equitable right of Seller except for money damages. The provisions shall apply whether or not construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

13. Subordination of Purchase Agreement to Building Loan Mortgage. The 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 or 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 or 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 or obtain a release of the Home from the lien of such mortgage 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.

14. Lien of Deposit; Risk of Loss. 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 thereon, 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.

15. Lack of Labor/Materials/Governmental Approval; Seller's Right to Cancel. 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 pursuant to this Agreement, together with a notice in writing, addressed to the Purchaser at his address hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or subdivision thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials from its regular suppliers or from using same in the 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; or (3) the Seller is unable to or is delayed in obtaining approval from the building department having jurisdiction of the premises for the construction of the selected model on the subject plot by reason of building and zoning law requirements. In the event of a termination and payment by Seller pursuant to the provisions of this paragraph, Seller shall have no further obligation to Purchaser hereunder.

16. Possession by Purchaser Prior to Closing. 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, nor shall Purchaser enter the home or have his contractors or agents enter the home to perform work prior to closing without the written authorization of Seller, 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 or otherwise. Upon the Purchaser's unauthorized possession, the Purchaser shall or otherwise 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 and the contract shall be deemed cancelled. It is further understood and agreed that the Seller will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the property (with or without consent of Seller) before or after the closing of title herein.

17. Seller's Failure to Convey. The Seller's liability under this agreement for failure to complete and/or deliver title for any reason, shall be limited to the return of the money paid hereunder, 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 unreasonable expense to render the title to the premises marketable or to cure any objection to title.

13. Acceptance of Deed - Full Compliance by Seller; Waiver of Jury Trial; Eighteen/Twenty-Four Month Limitation on Litigation. 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 or counterclaim arising out of or from this agreement is hereby waived. The parties further agree that litigation arising out of this Agreement as to any matters relating to the Lot or Home,

including but not limited to claims based on breach of warranty or negligence, must be commenced within eighteen (18) months after acceptance of the delivery of the deed, and that litigation as to all other matters must be commenced within twenty-four (24) months after acceptance of the delivery of the deed. If litigation is not commenced within the eighteen/twenty-four month periods, Purchaser's right to commence such litigation shall be deemed waived.

19. Municipal Certificates. At the closing of title the Seller will deliver a temporary or permanent Certificate of Occupancy and a Certificate of Board of Fire Underwriters concerning the electrical installations in the Home.

20. Construction of Home by Seller. 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 Haverstraw and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department.

21. Changes in Materials, etc. The Seller reserves the right to: (a) make changes or substitutions of materials or construction for items set forth in the Offering Plan or Building Plan or specifications, provided any such changes are of substantially equal value and quality; (b) determine the exterior color and design, location of buildings, the extent of landscaping grading and design and elevation of all plots and dwellings to fit into the general pattern of the Development; (c) determine elevation and location of foundations (including reversal of the home layout), walks, driveways, and streets to conform with topographical conditions and requirements; (d) determine whether trees or shrubs currently on the premises are to be removed; (e) determine the type of home to be constructed on a particular lot; (f) to fix the location of a house (including setbacks) within the lot lines; (g) determine the ultimate house type mix to be constructed in the Development; and (h) add or remove retaining walls on the lots or common areas where required by grade conditions.

22. Selection of Colors, Options, etc., by Purchaser. It is further agreed that wherever the Purchaser has the right to make a selection of construction changes, optional extras, colors, fixtures and/or materials, he shall do so within seven (7) 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.

23. Extras. Any extras or changes ordered by Purchaser shall be signed by the Purchaser and must be paid for in full at the time

of the order. If for any reason the Sponsor fails to install said extras in accordance with the work order, the limit of the Sponsor liability is a refund of the amount of the charge and same shall not be deemed an objection to title. All extras must be ordered prior to commencement of construction.

24. Execution of Required Documents, etc. Purchaser agrees to deliver to Seller all documents and to perform all acts required by the Seller to carry out the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

25. Delay in Closing, Purchaser's Option to Cancel. In the event the Seller shall be unable to convey title to the Home on or before six (6) months after the date of delivery of title set forth herein and except for delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing Sponsor from obtaining necessary supplies and/or materials, in which event the period shall be extended to twelve (12) months, and (except where the delay is caused by Purchaser's default), the Purchaser shall have the option to cancel this Agreement and to have the down payment advanced by him returned to the Purchaser without interest. Purchaser shall give written notice to Seller of his election to cancel the Agreement by certified mail, postmarked not more than ten (10) days after the expiration of the above respective periods.

26. Assignability: Notice. The parties agree that the stipulations 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 hereafter designate to the other in writing or to their respective attorneys.

27. LIMITED ONE YEAR WARRANTY. Seller warrants to the Purchaser that the plumbing, heating, and roofing solely serving the above-referenced Home will perform their intended functions and will be free of defects in workmanship and material for a period of one year from the closing of title to said Home. At the closing, the Seller will deliver to the Purchaser the Seller's or contractor's guarantees for plumbing, heating and roofing for a period of one (1) year from the date of closing. The heating guarantee shall provide for an indoor temperature of seventy (70) degrees with an outdoor temperature of zero degrees, and with a wind velocity not greater than fifteen miles per hour. If a defect occurs in an item which is covered by any of these warranties, the Seller will (a) repair, or (b) replace the defective item. The choice between repair or replacement is the Seller's. Written notice of any defect

covered by these warranties must be given to Seller no later than one year from the closing of title to a home. Where failure to give timely notice results in further damage, such further damage will not be covered by these warranties.

The following additional limitations will apply to Seller's obligations:

1. No steps taken by Seller to correct a defect shall act to extend the warranty period.
2. Seller accepts no responsibility for any warranty obligation for incidental or consequential damage caused by any defect.
3. These warranties give Purchaser specific legal rights. Purchaser may have other rights under State Law.
4. These warranties are extended to Purchaser and are not extended to any subsequent Purchaser and mortgage lender who takes possession of the Home.
5. These warranties shall be void if Purchaser misuses, abuses or otherwise interferes with or changes Seller's original construction or installations.
6. Seller is not responsible for any work or material ordered directly by purchasers from Seller's subcontractors or suppliers.
7. In no event shall the Seller be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements, if any, damage to walkways or other concrete areas caused by the application of salt or de-icers, nail pops, ridging, normal lumber shrinkage, normal settlement or any consequential damage resulting therefrom, normal plumbing and heating noises or carpet stretching, normal settlement cracks on concrete foundations, patios, sidewalks and other flat work, basement leaks resulting from acts of God or alteration of landscaping or grading, leakage resulting from "ice dams" forming on roofs, spalling or flaking of concrete surfaces if ice melting compounds have been used, scuffing on kitchen cabinet or vanity surfaces, variations of wood grain or staining of kitchen cabinets or vanities, minor chips (nicks) to formica tops, cultured marble floors, tops and tubs, edges and surfaces, shading variations of the exterior siding staining (on the face surface or grooves), and shading variations on fascias from staining. Subsequent to the conveyance of title to a Home, the Seller shall not be responsible for paint touch-ups, repair of dented appliances, porcelain or formica chips and scratches in tubs, vanities or countertops.
8. These warranties are specifically in lieu of any other guarantee or warranty, express or implied, including any warranty of merchantability.

The provisions of this paragraph shall survive the delivery of the deed.

28. Trust Funds. The Sponsor will hold all downpayment monies received directly or through its agents or employees in trust until the closing of title or Sponsor will post a surety bond or letter of credit issued by a New York insurance company securing repayment of such funds in the event the Purchaser is entitled to such amount under the terms of the Offering Plan or Purchase Agreement. If a surety bond is posted or letter of credit obtained, the Offering Plan will be amended to disclose such fact. If no bond or letter of credit is posted, such funds will be held as trust funds pursuant to Section 352-h and Section 352-a(2-b) of the General Business Law, in a special account entitled "Village Fairgrounds Special Account" in Manuet National Bank, 250 South Middletown Road, New City, New York 10956. Said account shall be a non-interest bearing account. The signature of Jerome Johnson, Esq., Johnson, Johnson & Tanz, 53 Burd Street, Nyack, New York 10960, as attorney for the Sponsor, shall be required to withdraw any of such funds. Such funds will be payable to the Sponsor upon the closing of title to the Home conveyed by the Purchase Agreement. In the event of default by the Purchaser under such Purchase Agreement, which default continues for ten (10) days after notice of such default from the Sponsor to the purchaser, the down payment may be released to the Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other.

29. No Broker. The parties agree that no broker except _____ brought about this sale and Purchaser agrees to indemnify Seller against any claim brought by anyone else for brokerage fees based upon Purchaser's act.

30. Purchasers-Agents for Each Other. 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, and any document or receipt executed by one of them shall be binding upon the other.

31. ENTIRE AGREEMENT. THIS AGREEMENT STATES THE ENTIRE UNDERSTANDING OF THE PARTIES AND THE SELLER SHALL NOT BE BOUND BY ANY ORAL REPRESENTATIONS OR AGREEMENTS.

FAIRGROUNDS, INC.
(Seller)

By _____
Authorized Agent

(Purchaser)

By _____
Address _____
Telephone # _____

DEED

THIS INDENTURE made _____ day of _____ 198____, between FAIRGROUNDS, INC., a corporation existing under the laws of the State of New York, having a place of business at 475 South Main Street, New City, New York 10956, hereinafter referred to as "Grantor", and _____ residing at No. _____ hereinafter referred to as "Grantee",

W I T N E S S E T H:

Grantor, in consideration of Ten Dollars (\$10.00) lawful money of the United States, and other good and valuable consideration, paid by Grantee, does hereby grant and release unto Grantee, the heirs, successors and assigns of Grantee forever,

All that certain piece or parcel of real property, with the building and improvements thereon erected, situate, lying and being in the Village of West Haverstraw, Town of Haverstraw, County of Rockland and State of New York and more particularly described in Exhibit "A" annexed hereto and made a part hereof.

Subject to the notes, plans and state of facts shown on the Final Plot of the Fairgrounds Subdivision filed in the Office of the Village Clerk of the Village of West Haverstraw, Town of Haverstraw, New York on _____, 1987 or shown on the map for the Fairgrounds Subdivision filed in the Office of the Clerk of Rockland County on _____, 1987 as Map No. _____;

AND TOGETHER with the benefits and SUBJECT TO the burdens, covenants, restrictions, by-laws, rules, regulations and easements all as set forth or referred to in a certain Declaration of Covenants, Restrictions, Easements, Charges and Liens dated _____ and recorded in the office of the Clerk of Rockland County on the day of _____, 198____ in Liber _____ of Land Records at page _____.

TO HAVE AND TO HOLD the premises herein granted unto Grantee, the heirs or successors and assigns of Grantee forever.

AND Grantor covenants that Grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND Grantor, in compliance with Section 13 of the Lien Law, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purposes of paying the cost of the improvement before using any part of the total of the same for any other purpose.

EXHIBIT E

Grantee, by taking title to the premises above described, hereby becomes a member of Village Fairgrounds Homeowners Association, Inc., a not-for-profit corporation, which holds title to the Common Properties set forth on the Map and which will hold title to the Common Properties set forth or to be set forth on the Maps of the Fairgrounds Subdivision. The Parties hereto understand and agree that membership in Village Fairgrounds Homeowners Association, Inc. and ownership of the premises herein conveyed cannot be separated and that any transfer of title to said premises, will, by reason thereof, automatically and mandatorily transfer to any such grantee membership in Village Fairgrounds Homeowners Association, Inc. Grantee, for himself, his heirs, successors and assigns, covenants that he will (i) abide by all the provisions of the Declaration of Covenants, Restrictions, Easements, Charges and Liens filed on _____, 198_____ in the Office of the Clerk of Rockland County in Liber of Land Records, page _____; and (ii) abide by the by-laws and rules and regulations of Village Fairgrounds Homeowners Association, Inc. for the maintenance and operation of the Common Properties located on the Map or to be located on the Map of the Fairgrounds Subdivision. Grantee, for himself, his heirs, successors and assigns, covenants with each owner, his heirs, successors and assigns of other Lots on the Map and of the Lots shown or to be shown on the Map of the Fairgrounds Subdivision, that he is firmly bound to maintain the premises herein conveyed in good order and in clean and good condition and as an attractive residence.

This conveyance has been made in the regular course of business actually conducted by Grantor.

The masculine gender whenever used herein shall include the feminine and the singular shall include the plural whenever the senses of this instrument so requires.

IN WITNESS WHEREOF, Grantor and Grantee have duly executed this deed the day and year first above written.

FAIRGROUNDS, INC.

By: _____
Eric Bergstol, President

Purchaser

Purchaser

STATE OF NEW YORK)
) ss.:
COUNTY OF ROCKLAND)

On this _____ day of _____, 198____, before me personally came Eric Bergstol, to me known, who, being by me duly sworn, did depose and say that he resides at 243 East Townline Road, West Nyack, New York 10994, that he is the President of FAIRGROUNDS, INC., the corporation described in and which executed the foregoing agreement; that by order of the board of directors of said corporation he signed his name thereto by like order.

STATE OF NEW YORK)
) ss.:
COUNTY OF ROCKLAND)

On this _____ day of _____, 198____, before me personally came _____, to me known to be the individuals described in and who executed the foregoing instrument, and they acknowledged to me that they executed the same.

GENERAL NOTES:
 1. THE MAP IS NOT A GUARANTEE OF THE ACCURACY OF THE INFORMATION CONTAINED THEREIN.
 2. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY LEGAL ACTION.
 3. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY INVESTMENT.
 4. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.
 5. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.
 6. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.
 7. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.
 8. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.
 9. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.
 10. THE MAP IS NOT TO BE USED AS A BASIS FOR ANY OTHER PURPOSE.

SAMSONDALE AVENUE

RIGHT OF WAY

MATCH LINE

MATCH LINE

ROUTE 9W
010

THE FAIRGROUNDS

FIGURE 1000, 0100, 0200, 0300, 0400, 0500, 0600, 0700, 0800, 0900, 1000, 1100, 1200, 1300, 1400, 1500, 1600, 1700, 1800, 1900, 2000, 2100, 2200, 2300, 2400, 2500, 2600, 2700, 2800, 2900, 3000, 3100, 3200, 3300, 3400, 3500, 3600, 3700, 3800, 3900, 4000, 4100, 4200, 4300, 4400, 4500, 4600, 4700, 4800, 4900, 5000, 5100, 5200, 5300, 5400, 5500, 5600, 5700, 5800, 5900, 6000, 6100, 6200, 6300, 6400, 6500, 6600, 6700, 6800, 6900, 7000, 7100, 7200, 7300, 7400, 7500, 7600, 7700, 7800, 7900, 8000, 8100, 8200, 8300, 8400, 8500, 8600, 8700, 8800, 8900, 9000, 9100, 9200, 9300, 9400, 9500, 9600, 9700, 9800, 9900, 10000

FIGURE 1000, 0100, 0200, 0300, 0400, 0500, 0600, 0700, 0800, 0900, 1000, 1100, 1200, 1300, 1400, 1500, 1600, 1700, 1800, 1900, 2000, 2100, 2200, 2300, 2400, 2500, 2600, 2700, 2800, 2900, 3000, 3100, 3200, 3300, 3400, 3500, 3600, 3700, 3800, 3900, 4000, 4100, 4200, 4300, 4400, 4500, 4600, 4700, 4800, 4900, 5000, 5100, 5200, 5300, 5400, 5500, 5600, 5700, 5800, 5900, 6000, 6100, 6200, 6300, 6400, 6500, 6600, 6700, 6800, 6900, 7000, 7100, 7200, 7300, 7400, 7500, 7600, 7700, 7800, 7900, 8000, 8100, 8200, 8300, 8400, 8500, 8600, 8700, 8800, 8900, 9000, 9100, 9200, 9300, 9400, 9500, 9600, 9700, 9800, 9900, 10000

<p>OWNER APPLICANT:</p> <p>NAME: _____</p> <p>ADDRESS: _____</p> <p>CITY: _____</p> <p>STATE: _____</p> <p>ZIP: _____</p>	<p>TRIMAP REFERENCE:</p> <p>TRIMAP NO. _____</p> <p>SECTION: _____</p> <p>TOWNSHIP: _____</p> <p>RANGE: _____</p> <p>COUNTY: _____</p>
---	--

OWNER APPLICANT:
 NAME: _____
 ADDRESS: _____
 CITY: _____
 STATE: _____
 ZIP: _____

TRIMAP REFERENCE:
 TRIMAP NO. _____
 SECTION: _____
 TOWNSHIP: _____
 RANGE: _____
 COUNTY: _____

EXHIBIT F

ROADWAY, UTILITY & SITE IMPROVEMENTS

HOME OWNER'S ASSOCIATION PROPERTY

THE FAIRGROUNDS

OLD ROUTE 9-W and SAMSONDALE AVENUE
VILLAGE OF WEST HAVERSTRAW, N.Y.

Prepared By

ATZL & SCATASSA ASSOCIATES P.C.

SURVEYORS- PLANNERS

248 C North Main Street

New City, N.Y. 10956

October 7, 1986

EXHIBIT I

THE FAIRGROUNDS

HOME OWNER'S ASSOCIATION (H.O.A.) PROPERTY

A. LOCATION

The site is located on the west side of Samsondale Avenue, and on the east side of Old Route 9-W in the Village of West Haverstraw.

B. SITE:

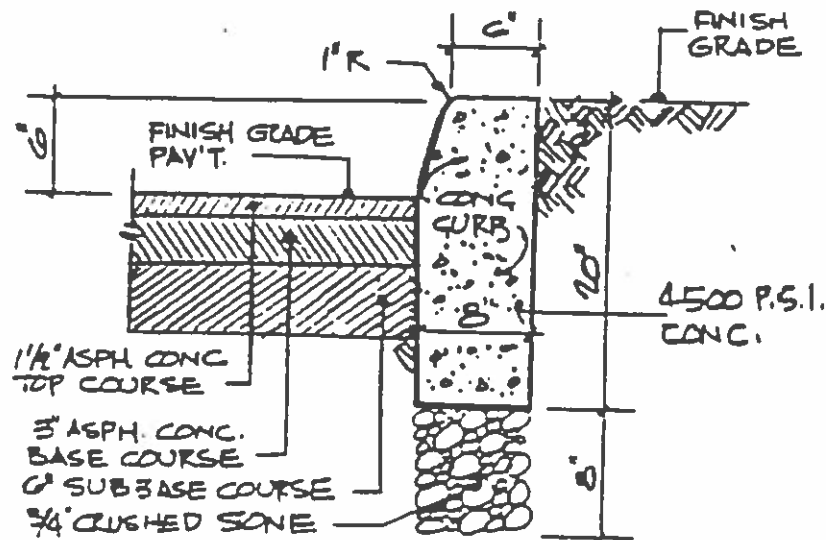
1. The total area of the site is 13.367 acres of which 11.03 acres belongs to the H.O.A. The area belonging to the H.O.A. will have walkways and parking areas.

2. There will be 90 attached townhouses located in 15 building groups which will be individually owned.

3. ROADWAY

All roads will be owned and maintained by the Association. All streets work, materials, construction methods and workmanship are to conform with standard specifications of the Village of West Haverstraw, Rockland County, New York as described below:

Paving 24 feet wide and built as per sketch shown below:



C. LANDSCAPING

Grass cover, plantings, fencing, etc. are to be as per Landscaping plan prepared by Robert G. Torgersen, Landscape Architect and approved by the Village of West Haverstraw, Rockland County, New York.

D. UTILITIES

Water will be provided by Spring Valley Water Company. There will be a meter owned by the H.O.A. for watering of plantings and grass areas and fire hydrants. The water charges for the above will be paid by the H.O.A.

Electricity for street lighting will be provided by Orange & Rockland Utilities, Inc. and will be paid by the H.O.A.

E. SEWERS

1. Sanitary Sewer System

- a) All Sanitary Sewer piping in streets will be of 8" PVC (polyvinyl chloride) as approved by the local building code.
- b) Ten (10) sewer man-holes will be constructed in pre-cast concrete with cast-iron covers.
- c) All Sanitary Sewers will discharge into the main sewer system provided by the Joint Regional Sewer Board, Town of Haverstraw, Rockland County, New York. Each building group will have a separate connection to the private sewer.

2. The sewer plan was approved by the Joint Regional Sewer Board, Town of Haverstraw, for the new sanitary sewer to be constructed.

3. Storm Drainage System

The drainage of the common open space owned by the H.O.A. will be run off into the existing drainage system.

- a) Eighteen (18) catch basins and six (6) field inlets for drainage of streets and grass areas are to be constructed in concrete blocks and cast-iron grates.
- b) Drainage pipes: 12" Polyvinyl chloride (P.V.C.)
15", 18" and 24" reinforced concrete
(R.C.P.)
- c) There will be no storm water pumping required.

F. REFUSE DISPOSAL

Refuse removal will be provided by The Village of West Haverstraw and collections will be made as per the applicable collection schedule. The expense of the refuse removal for each house will be included in the Village Taxes as part of the Village services.

G. GARAGE AND PARKING AREAS

There will be 99 parking spaces owned by H.O.A.

I. RECREATION FACILITIES

A passive recreation area with benches and walkways will be provided and maintained by H.O.A.; as shown on approved Site Plan.

J. STREET LIGHTING

Street lighting for Association property will be owned and maintained by the Association and are to be installed as per direction of the Orange & Rockland Utilities, Inc.

Vittorio Scatassa
Vittorio Scatassa, P.L.S.

Sworn to before me
this 7th day of October 1986

Zelda Becker
Notary Public
ZELDA BECKER
Notary Public, State of New York
No. 4EC0303
Residing in Rockland County
Commission Expires Jan. 31, 1989

MANAGEMENT AGREEMENT

THIS AGREEMENT, made this day of , 198 , between VILLAGE FAIRGROUNDS HOMEOWNERS ASSOCIATION, an association organized and existing under the laws of the State of New York having an office at 475 South Main Street, New City, New York 10956 ("OWNER"), and FAIRGROUNDS, INC. a corporation organized and existing under the laws of the State of New York, having an office at 475 South Main Street, New City, New York 10956 ("AGENT").

W I T N E S S E T H:

That the parties, hereto, mutually agree with each other as follows:

FIRST: The Owner hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as Managing Agent of the Homeowners Association known as Village Fairgrounds Homeowners Association, 475 South Main Street, New City, New York 10956 (the "Premises"), as described in Schedule "A" attached hereto.

SECOND: The Agent shall perform the following services:

(a) Cause to be hired, paid and supervised, all persons necessary to be employed in order to maintain and operate the Premises who, in each instance shall be the Owner's and not the Agent's employees, and cause to be discharged all persons unnecessary or undesirable. Having used due care in the selection of such persons, the Agent shall not be under any responsibility whatsoever for any act or omission of any such person.

EXHIBIT J

The duties to so hire, pay, supervise and discharge, or any thereof, may be delegated by the Agent to one or more persons in the general employ of the Agent.

(b) Cause the Premises to be maintained in such condition as may be deemed advisable by the Owner, including interior and exterior cleaning, and cause routine repairs (and incidental alterations of the Premises) to be made, including, but not limited to, electrical, plumbing, steam-fitting, carpentry, masonry, decorating, and such other routine repairs (and incidental alterations) as may be required in the course of the ordinary maintenance and care of the Premises, subject only to the limitations contained in this Agreement. Ordinary repairs or alterations involving an expenditure in excess of Two Hundred Fifty (\$250) Dollars for any one item shall be made only with the prior approval of the Owner, but emergency repairs, i.e., those immediately necessary for the preservation or safety of the Premises or for the safety of Home Owners, or other persons, or required to avoid the suspension of any necessary service on the Premises, may be made by the Agent, irrespective of the cost thereof, without the prior approval of the Owner.

(c) Recommend and, with the approval of the Owner, cause all such acts and things to be done in or about the Premises as shall be necessary or desirable to comply with any and all orders or violations affecting the Premises, placed thereon by any federal, state or municipal authority having jurisdiction thereover, and orders of the New York Board of Fire Underwriters, the New York

Fire Insurance Exchange, or other similar body, except that if failure to promptly comply with any such order or violation would or might expose the Owner or the Agent to criminal liability, the Agent may cause such order or notice of violation to be complied with, irrespective of the cost thereof.

(d) Enter into contracts for electricity, gas, steam, air conditioning, water treatment, telephone, window cleaning, rubbish removal, fuel oil, detective agency protection, vermin extermination, architects' and engineers' services required for the planning and supervision of alterations and improvements made or proposed to be made to the Premises, and other services or such of them as shall be advisable, but any such contract having a term longer than one (1) year or requiring annual payments in excess of One Thousand (\$1,000) Dollars must be authorized by the Owner.

(e) Purchase all supplies which shall be necessary to properly maintain and operate the Premises; make all such contracts and purchases in either the Owner's or the Agent's name, as the Agent shall elect; and credit to the Owner any discounts or commissions obtained for purchases or otherwise (except any insurance and other commissions payable to the Agent under the terms of this agreement).

(f) Advise the Owner with respect to proper insurance coverage of the Premises, its employees, and the Home Owners; if requested by the Owner, cause to be effected and maintained (if obtainable in such amounts and through such carriers as the Owner

shall designate or approve, fire, plate glass, water damage, liability, workers' compensation, employer's liability, disability and any other insurance the Owner may elect to carry; and cooperate with any independent insurance broker or consultant that the Owner may designate or approve for the purpose of effecting insurance and protecting its interest with respect thereto. If the Agent places insurance with the State Insurance Fund or similar entity which does not pay commissions to the Agent, the Agent may impose a service fee. The fee shall not exceed the fee usually payable for similar types of insurance, nor shall the fee, when added to the premium cost, exceed the total premium cost charged other companies which usually pay commissions.

(g) Check all bills received for services, work and supplies ordered in connection with maintaining and operating the Premises; pay or cause to be paid all such bills, water charges, sewer rents, assessments, real estate taxes and corporate income and other taxes assessed against the Owner or the Premises as and when the same shall become due and payable.

(h) Bill or cause to be billed, Home Owners for maintenance and common area charges, and use its best efforts to collect such charges. When directed by the Owner, and on its behalf, Agent will also sue for maintenance and common area charges, which may at any time be or become due, as aforesaid, from any Home Owner.

(i) Consider and, when reasonable, attend to complaints of Homeowners. If the Agent shall deem any such complaint unreason-

able, it shall advise the Owner of the complaint and the reason for its opinion that the complaint is unreasonable.

(j) Cause to be prepared and filed all necessary forms for unemployment insurance, withholding and social security taxes and all other tax and other forms relating to employment of employees and maintenance and operation of the Premises required by a federal, state or municipal authority.

(k) Render or cause to be rendered annual statements of collections and disbursements for the preceding year to the Owner.

(l) Maintain orderly files containing, insurance policies, correspondence, receipted bills and vouchers, and all other documents and papers pertaining to the Premises or the operation thereof, and the same shall be and shall at all times remain the property of the Owner. Upon request of the Owner, the Agent shall make same available to the Owner, the Owner's officers, accountants, attorneys or other representatives and shall deliver up same to the Owner or its aforesaid agents on demand from the Owner.

(m) Cooperate with the Owner's accountants in regard to the preparation and filing on behalf of the Owner of federal, state, city and any other income or other tax returns required by any governmental authority.

(n) Prepare and submit annually to the Board of Directors of the Owner, an operating budget setting forth the anticipated income and expenses for the Owner for the ensuing year, a comparison

of said budget to the income and expenses of the preceding and current years, and any required explanations with respect thereto.

(o) When requested, send notices to the directors and Home Owners, prepare agendas and cause a representative of its organization to attend the annual meeting of the Association and meetings of the Board of Directors of the Owner. Whenever attendance by representatives of the agent is desired at any such meetings, it is to be understood that every reasonable effort will be made on the part of the Officers and Directors of the Owner to schedule these meetings at a sufficiently early hour so that they can be adjourned not later than 8:00 P.M., in view of the fact that these meetings generally take place at the end of the business day. Said meetings will take place in the office of the Agent, whenever possible. The Agent shall record and keep the minutes of such meetings.

(p) Prepare and send out all letters and reports that the Board of Directors of the Owner may request.

(q) When the books of tentatively assessed valuations of the Town of Haverstraw are opened for public inspection in each year, ascertain the assessment of the land on which the Premises are located, and the assessment of the improvements, and report such assessments to the Owner. Should the Owner consider such assessments excessive, the Agent will, if requested by the Owner, cooperate with the Owner's attorneys in the preparation of an application for correction of the assessed valuation to be filed with the Tax Commission of the Town of Haverstraw, and if the Owner shall not have

any regular attorney, retain special counsel to prepare such application (with the Agent's cooperation) and to institute tax certiorari proceedings.

(r) Generally, do all things reasonably deemed necessary or desirable by the Board of Directors of the Owner for the proper management of the Premises.

THIRD: The Owner authorizes the Agent, for the Owner's account and on its behalf, to perform any act or do anything necessary or desirable in order to carry out the Agent's agreements contained in Article SECOND hereof, and everything done by the Agent under the provisions of Article SECOND shall be done as Agent of the Owner, and all obligations or expenses incurred thereunder (for which the Agent is not compensated as provided in Article SIXTH hereof) shall be at the expense of the Owner.

Any payments made by the Agent hereunder shall be made out of such funds as the Agent may from time to time hold for the account of the Owner or as may be provided by the Owner. The Agent shall not be obligated to make any advance to or for the account of the Owner or to pay any amount except out of funds held or provided as aforesaid, nor shall the Agent be obliged to incur any extraordinary liability or obligation unless the Owner shall furnish the Agent with the necessary funds for the discharge thereof. If the Agent shall voluntarily advance for the Owner's account any amount for the payment of any obligation or necessary expense connected with the maintenance or operation of the Premises or otherwise, the Owner shall reimburse the Agent therefor on demand.

FOURTH: All funds collected by the Agent for the account of the Owner will be deposited in a bank in an account in the name of the Association, and will not be co-mingled with other funds collected by the Agent, as agent or others. The Agent shall be under no liability or responsibility to the Owner for any loss resulting from the insolvency of such depository, but in such event, any amount received by the Agent in liquidation of such deposit account shall be distributed among those interested in said account pro rata to their respective interests therein; provided, however, that the Owner may, from time to time, designate the bank or trust company in which said funds are to be deposited and the Agent agrees that it will, within ten days after receipt of such instructions from the Owner, deposit all funds then held by it and all funds thereafter received and collected by it for the account of the Owner in the bank or trust company so designated by the Owner.

FIFTH: The Agent shall not be liable to the Owner for any loss or damage not caused by the Agent's own gross negligence or failure to comply with its obligations hereunder. The Owner hereby agrees to indemnify the Agent against and hold the Agent harmless from:

(a) any liability, damages, costs and expenses (including reasonable attorneys' fees) sustained or incurred for injury to any person or property in, about and in connection with the Premises, from any cause whatsoever, unless such injury shall be caused by

the Agent's own gross negligence or failure to comply with its obligations;

(b) any liability, damages, penalties, costs and expenses, statutory or otherwise, for all acts properly performed by the Agent pursuant to the instructions of the Owner; provided, in each of the foregoing instances, that the Agent promptly advises the Owner of its receipt of information concerning any such injury and the amount of any such liability, damages, penalties, costs and expense. The Owner will carry liability insurance (with limits acceptable to the Agent in its reasonable judgment), workers' compensation and employer's liability insurance, will include the Agent as a party insured under the liability policy and will deliver a copy of such liability policy to the Agent or a certificate evidencing the same. Anything hereinbefore set forth to the contrary notwithstanding, the Owner shall defend any action or proceeding arising out of claims of injury to person or property and/or acts performed by the Agent, as aforesaid, at its sole cost and expense, in the name of the Agent or in its own name, and to use attorneys and other experts of its own choosing. The Agent, promptly upon receipt of notice, shall cooperate fully with the Owner and its attorneys at all stages of such claims, actions or proceedings. The Agent shall promptly furnish to the Owner and its attorneys at all stages of such claims, actions or proceedings, all papers, documents and other evidence which, in the opinion of the Owner, or its attorneys, are pertinent to said claims or the defense of such ac-

tions or proceedings. The Agent agrees to produce, at the appropriate place or places, at reasonable times, such witnesses under its control as shall be requested by the Owner or its attorneys. In the event that the Owner does not defend any such action or proceeding, or elects to defend in its own name, the Agent may defend the same at the Owner's sole cost and expense.

SIXTH: The Owner shall pay the Agent as compensation for its services hereunder:

(a) For management services an annual fee for the first year of operation, of Twenty (\$20.00) Dollars per unit.

(b) Out of pocket expenses such as postage and photocopying in connection with the preparation and sending out of maintenance bills and all notices of Association meetings and such other letters and reports to the Home Owners as the Board of Directors of the Owner may request, at a fee mutually agreed upon between the Owner and the Agent. In the event the Agent is required to use United States Mail for the delivery of maintenance bills, the Agent shall be entitled to the reimbursement of the cost of postage.

The Agent is hereby authorized to deduct and retain its compensation out of the funds collected by it for the account of the Owner and the Owner shall pay any deficiency on demand.

SEVENTH: This agreement shall become effective on the passage of title to the Owner, and shall continue in full force and effect for one year. After the first year, this Agreement shall continue in full force and effect unless either party hereto shall serve written notice of cancellation personally, or by registered or certified mail sent to the address first hereinabove set forth.

This Agreement shall terminate sixty (60) days after the service of such notice. Notwithstanding the above, this Agreement may be terminated at any time for cause.

Upon termination, the parties shall account to each other with respect to all uncompleted business, and the Agent shall deliver to the Owner all leases, subleases, corporate files, books and records and other instruments relating to the Premises and the Owner that may be in the possession of the Agent. Agent may retain for up to sixty (60) days after the termination date a reasonable amount of Owner's funds against any outstanding obligations or liabilities which the Agent may have incurred hereunder on behalf of the Owner.

EIGHTH: This Agreement may not be changed orally, and shall bind and apply to any successor of either party hereto, and may not be assigned by either party hereto.

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

OWNER: VILLAGE FAIRGROUNDS
HOMEOWNERS ASSOCIATION

ATTEST: _____

BY: _____

AGENT: FAIRGROUNDS, INC.

ATTEST: _____

BY: _____
Eric Bergstol, President

SPONSOR'S CERTIFICATION

December 11, 1986

New York State Department of Law
Real Estate Financing Bureau
120 Broadway
New York, New York

Re: Village Fairgrounds
Homeowners Association
West Haverstraw, New York

Gentlemen:

I am the sponsor and principal of sponsor of the homeowners association offering plan for the captioned property.

I understand that I have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 22 and such other laws and regulations as may be applicable.

I have read the entire offering plan. I have investigated the facts set forth in the offering plan and the underlying facts. I have exercised due diligence to form a basis for this certification. I certify that the offering plan does, and that documents submitted hereafter by me which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statements of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

EXHIBIT K

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) not contain any representation or statement which is false, where I;

- (a) knew the truth;
- (b) with reasonable effort could have known the truth;
- (c) made no reasonable effort to ascertain the truth;
- (d) did not have knowledge concerning the representations or statement made.

I certify that the road and/or sewers, and/or water lines, when constructed, will be in accordance with the local government specifications for public roads. After completion of such amenities and before the granting of the common property under an easement to the HOA, the plan will be amended to include a certification by an engineer or architects stating that the roads and/or sewers, and/or water lines have, in fact, been constructed in accordance with local government specifications for public roads and indicating the date of completion. In the alternative, and/or if the construction of the roads and/or sewers and/or water lines has not been completed prior to the granting of the common property under an easement to the HOA, a bond will be posted, funds will be escrowed, or other adequate security will be provided in an amount to be determined by an engineer licensed to practice as a professional engineer in the jurisdiction where the HOA is located which amount shall not be less than the amount required to complete such construction to the required specifications.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

FAIRGROUNDS, INC.

By:

Eric Bergstol, President

Eric Bergstol

Sworn to before me this
3rd day of December, 1986

Rosemary Curry
Notary Public

Notary Public
State of New York
No. 00000000000
My Comm. Expires December 31, 1988



ATZL & SCATASSA ASSOCIATES P.C.
SURVEYORS-PLANNERS

October 7, 1986

Department of Law
State of New York
2 World Trade Center
New York, N.Y. 10047

Re: The Fairgrounds
Village of West Haverstraw
New York

Gentlemen:

The Sponsor of the captioned Offering Plan for a Home Owners Association have retained us to prepare a report describing the property dated October 7, 1986, a copy of which is intended to be incorporated into the Offering Plan so that the prospective purchasers may rely on it.

Our firm prepared the Subdivision Map of the above referenced property dated March 10, 1986.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 22 insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. We certify the Report does:

- (i) set forth in narrative form the significant elements of the entire property as it will exist upon completion of construction, provided that construction is in accordance with plans and specifications that we examined.
- (ii) in our opinion, afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;

-1-

THEODORE F. ATZL, P.L.S.

EXHIBIT L

VITTORIO SCATASSA, P.L.S.

248C North Main Street, New City, New York 10956 (914) 634-4694

-2-

- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, or suppression;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representations of statement which is false, where we (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor and that our compensation for preparing this Report is not contingent on the profitability or price of the Offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

Very truly yours,

ATZL & SCATASSA ASSOCIATES, P.C.

Vittorio Scatassa

Vittorio Scatassa, P.L.S.

VS/zb

SWORN TO BEFORE ME THIS

9th Day of October 1986

Zelda Becker

NOTARY PUBLIC

ZELDA BECKER

Notary Public, State of New York
No. 4600303

Residing in Rockland County
Commission Expires Jan. 31, 1987

The
DALZELL
MANAGEMENT
 Company, Inc.

SPECIALISTS IN COMMERCIAL LEASING, SALES AND MANAGEMENT

(914) 354-2177
 623-0941

January 16, 1987

CERTIFICATION OF ADEQUACY OF SCHEDULE "A"

Department of Law
 120 Broadway
 New York, New York 10271

RE: Village Fairgrounds Homeowners Association
 Inc., West Haverstraw, New York

Gentlemen:

The sponsor of the homeowners association offering plan for the captioned property retained me to review Schedule A containing projections of income and expenses for the first year of homeowners association operation.

Attached hereto and made a part hereof is a list of my qualifications to make this certification.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 22 insofar as they are applicable to Schedule A.

I have reviewed the Schedule A and investigated the facts set forth in the Schedule A and the facts underlying them with due diligence in order to form a basis for this certification.

I certify that the projections in Schedule A appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of operation as a Homeowners Association.

I certify that this certification and all documents prepared by hereafter that concern Schedule A do:

A) set forth in detail the terms of the transaction as it relates to Schedule A and are complete, current and accurate.

EXHIBIT M

PACESETTER PARK PLAZA, ROUTE 202, POMONA, NEW YORK 10970

The DALZELL MANAGEMENT Company, Inc.

SPECIALISTS IN COMMERCIAL LEASING, SALES AND MANAGEMENT

(914) 354-2177
623-0941

- B) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement;
- C) not omit any material fact;
- D) not contain any fraud, deception, concealment or suppression.
- E) not contain any untrue statement of material fact;
- F) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- G) not contain any representation or statement which is false, where I: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

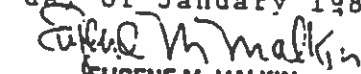
I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Certification is not contingent on the sale of the property as a homeowners association or on the profitability or price of the offering. I understand that a copy of the Certification is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.

This Certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,


George G. Dalzell

Sworn to before me this,
day of January 1987


EUGENE M. MALKIN
Notary Public, State of New York
No. 4682960
Qualified in Rockland County
Commission Expires 7/31/87

The
DALZELL
MANAGEMENT
 Company, Inc.

SPECIALISTS IN COMMERCIAL LEASING, SALES AND MANAGEMENT

(914) 354-2177
 623-0941

GEORGE C. DALZELL

QUALIFICATIONS

EDUCATION:

GRADUATE OF COLGATE UNIVERSITY - 1967- B.A. SOCIOLOGY.

LICENSED REAL ESTATE BROKER

MEMBER, ASSOCIATION OF REAL ESTATE APPRAISERS

MEMBER, ROCKLAND COUNTY APARTMENT OWNERS ASSOCIATION INC.

EXPERIENCE:

SINCE 1971 has been involved in selling, renting, appraising and managing Shopping Centers, Professional Buildings, Multi-Family Dwellings. Responsibilities include negotiations of all leases, and contracts for the maintenance of the Common areas, and managing the budgets for said centers and the collection of all rents and other monies from tenants.

PRESENTLY MANAGING:

COMMERCIAL PROPERTIES:

- 1) Pacesetter Park Shopping Center,
Pomona, New York
- 2) Lake Road Plaza
Congers, New York
- 3) The Bardonia Mall
Bardonia, New York

RESIDENTIAL PROPERTIES

- | | |
|--|--|
| <ol style="list-style-type: none"> 1) Stratford Arms
Congers, New York 2) Briarwood Apartments
Congers, New York 3) #9 Friend Street,
Congers, New York | <ol style="list-style-type: none"> 4) #7 Medway Avenue
Congers, New York 5) 27 North Route #303,
Congers, New York |
|--|--|


 George G. Dalzell

PACESETTER PARK PLAZA, ROUTE 202, POMONA, NEW YORK 10970