

OFFERING PLAN

THIS OFFERING PLAN RELATES SOLELY TO  
MEMBERSHIP IN THE

**HIDDEN RIDGE AT  
KUTSHER'S COUNTRY CLUB**  
HOME OWNERS ASSOCIATION, INC.

AND TO THE DECLARATION OF COVENANTS AND RESTRICTIONS  
APPLICABLE TO ALL 150 HOMES SOLD AT



Old Liberty Road  
Monticello, Town of Thompson  
Sullivan County, New York 12701

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APPROXIMATE AMOUNT OF OFFERING: **\$745,000**  
(Cost of Common Properties and Facilities  
Included in the Purchase Price of the Homes)

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**SPONSOR**  
**K & K Associates**  
c/o Kutsher's Country Club  
Monticello, New York 12701

**SELLING AGENT**  
**Henry A. Klar Realty**  
2580 Hempstead Turnpike  
East Meadow, New York 11554

DATE OF THE OFFERING PLAN: JUNE 20, 1984.

This Plan has been amended,  
see inside front cover.

THIS PLAN MAY NOT BE USED AFTER JUNE 19, 1985 UNLESS EXTENDED BY  
AMENDMENT.

SEE PAGE (iii) FOR SPECIAL RISKS TO PURCHASERS.

THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL MEMBERSHIP INTERESTS IN THE HOME OWNERS 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 APPROVED THIS OFFERING.

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HIDDEN RIDGE AT  
KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.

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## SPECIAL RISKS OF THIS OFFERING

I. The Sponsor has retained control of the Board of Directors until the fifth anniversary date of the recording of the Declaration of Covenants, Restrictions, Easements, Charges and Liens or until 90% of the Homes in the Development are sold, whichever shall first occur.

The Sponsor has also retained control over certain expenditures and fiscal actions of the Board of Directors so long as the Sponsor or its designee shall continue to own Membership interests representing 5% or more or five (5) years after the date of the closing of title to the first Home whichever shall first occur. See page 14.

II. The Declaration of Covenants and Restrictions (Exhibit A) requires each homeowner to maintain adequate fire and extended insurance coverage of his home and requires repair and reconstruction of a damaged home within 30 days of receipt of the insurance proceeds. If the homeowner fails to commence reconstruction of the home, the Board of Directors is empowered to reconstruct the home and the cost will be a special assessment against the owner of such home. If such insurance policy has not been obtained by a homeowner, the Board of Directors is empowered to obtain such insurance coverage and the cost of such premium will be an individual assessment against such owner. If such individual assessment is not promptly paid, the Board of Directors may have to revise the budget or issue a special assessment against all homeowners to pay such premium until such time as the individual assessment is paid. See page 16.

III. The Municipality does not require Sponsor to post a performance bond with respect to any Common Area improvement.

## SPECIAL CONSIDERATION OF THIS OFFERING

Home Owners at Hidden Ridge at Kutsher's Country Club will have the option of becoming yearly members at the renowned Kutsher's Country Club located adjacent to the Development. See page 11 for a description of the extensive facilities at Kutsher's Country Club and the cost and terms of membership. Kutsher's Country Club is a privately owned Resort Hotel and is not part of the Hidden Ridge at Kutsher's Country Club Development.

## INTRODUCTION

K & K Associates, a New York partnership (the "Sponsor" or "Developer"), is the contract vendee of approximately 50 acres of land ("The Properties") located adjacent to Old Liberty Road, Monticello, Town of Thompson, Sullivan County, New York. Sponsor intends to construct 150 Homes on approximately 5.83 acres of the aforementioned 50 acres, each on an individual lot, in a development to be known as Hidden Ridge at Kutsher's Country Club (the "Development"). Prior to the closing of title to the first Home in the Development, Sponsor will acquire title to the Properties.

In offering the 150 attached and semi attached homes in the Development, the Sponsor is simultaneously offering mandatory memberships in Hidden Ridge at Kutsher's Country Club Home Owners 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 recreational facilities, roadways, natural and landscaped areas. See page 13 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. 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 pages 13 through 16.

The Association will own approximately 44.17 of the above mentioned 52.18 acres of land (the "Common Properties" or "Common Areas") including natural and landscaped areas, recreational facilities, (see page 10 for the maximum capacity of each recreational facility at one time) internal roadways and parking spaces, 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 to the first Home in the Development. See page 17. A full description of the Common Properties is set forth at page 13. Upon the recordation of the Declaration in the Sullivan County Clerk's Office, 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 \$745,000.

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, the maintenance of the roofs, and

staining of the siding of all homes on the Properties, snow plowing of the roadways, landscape maintenance, and other 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 five years from the recording of the Declaration of Covenants, Restrictions, Easements, Charges and Liens or until 90% 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 3. 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. See Article X of the Declaration of Covenants, Restrictions, Easements, Charges and Liens for details. Purchasers will be required to pay monthly maintenance charges in advance, the first of which will be due upon the acquisition of title to each Home. 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.

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. Amendments will be served upon purchasers and members.

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.

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

The Plan will not become effective and closings to the individual homes will not commence until Sponsor has received Purchase Agreements for 15% of the memberships offered herein. This Plan will be amended when the 15% pre-sale condition has been reached and to disclose that the Plan has been declared effective.

PROJECTED BUDGET FOR THE FIRST YEAR OF OPERATION OF  
HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.  
BEGINNING July 1, 1985

INCOME

Maintenance Charges (\$572.31 per home per year payable monthly based on 150 homes)	\$87,147
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EXPENSES

Utility - Electric (1)	\$ 3,500	
Water/Sewer (2)	350	
Road Maintenance	5,000	
Landscape Maintenance (3)	20,000	
Pool Maintenance (4)	3,000	
Lifeguards (5)	5,000	
Office Expense (6)	3,000	
Snow Plowing (7)	7,500	
Taxes (8)	-0-	
Legal and Accounting (9)	2,500	
Insurance (10)	2,000	
Refuse Removal (11)	4,050	
Franchise Tax (12)	295	
Sales Tax (13)	952	
Managing Agent (14)	27,000	
Reserve for Contingencies	<u>3,000</u>	
TOTAL		\$87,147

ESTIMATED ANNUAL COST PER MEMBER - \$580.98  
ESTIMATED MONTHLY COST PER MEMBER - \$ 48.42

\*In the event the estimated first year differs from the actual commencement of the budget year by six (6) months or more, Sponsor will amend the Plan to include a revised budget. See explanatory footnotes at page 4. 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.

## EXPLANATORY FOOTNOTES

1. Utility/Electric -- The electricity charges included are for site lighting and the pool filter, and bath house lighting for the three month summer period. They are based on estimates set forth in a May 18, 1984 letter from Eustance & Horowitz, Consulting Engineers, plus an inflation factor in excess of 50%. Each owner will be responsible for all electricity used in his own home.
2. Water/Sewer -- The water charge includes water used in the bath house and swimming pool (estimated 60,000 gallons @ \$50 per quarter for the first 22,000 gallons and \$1.30 per 1,000 gallons for the balance) and sewer charge for the three month swimming season. This estimate is based on a letter from Eustance & Horowitz, Consulting Engineers, dated May 18, 1984, plus an inflation factor of 10%. Water and sewer charges for each home will be an individual expense of each Home Owner.
3. Landscape Maintenance -- Provides for a lawn maintenance program for the Association based on estimate dated May 17, 1984 received from CMS, Community Management Services, Inc., Commack, New York. The program includes all the Spring and Fall clean-ups, chemical work - such as fertilization, weed killers and crab grass pre-emergent, lawn cutting, edging and trimming as required.
4. Pool Maintenance -- Provides for in-season chemical cost as well as opening and closing expense. Based on estimate dated May 17, 1984 received from Community Management Services, Inc., Commack, New York.
5. Lifeguards -- Provides for estimated cost for a lifeguard at approximately \$5.00 per hour for a 40 hour week for 12 weeks. Includes fringe benefits plus a contingency fund. Based on estimate dated May 17, 1984 received from Community Management Services, Inc., Commack, New York.
6. Office Expense -- This charge provides for the purchase of stationery, stamps, printing, etc.
7. Snow Plowing -- This charge provides for the plowing of the HOA's roadways for all snowfalls in excess of three inches. Home Owners will be responsible for snow plowing of the walks on their own lots. It is based on an estimate from Community Management Services, Inc., Commack, New York, by letter dated May 17, 1984 plus a contingency.



8. Taxes -- As discussed in a letter dated May 17, 1984 from the Assessor of the Town of Thompson, there will be no separate assessment of the Common Areas. The assessed value of the Common Areas will be reflected in the assessed valuation of the individual homes.
9. Legal & Accounting -- This charge provides for the preparation of an annual statement and a legal contingency fund.
10. Insurance -- This charge provides for insurance premium coverage on the Common Areas of the HOA. The areas covered are the pool house (\$10,000) which will be written with a replacement cost endorsement. Also included is a \$1,000,000 liability coverage. Based on estimate received from K & C Agency, Inc./Wicke Lowenfeld, Valley Stream, New York, dated April 27, 1984. Does not include fire and liability insurance for each home which is the personal obligation of each home owner. See page 16. The coverage does not include Directors or Officers liability insurance. If the Board of Directors elects to secure such coverage in the future, it is estimated that the premium for such coverage will be approximately \$500 per annum for \$500,000 of coverage.
11. Refuse Removal -- Provides for refuse removal from containers located in the Development three (3) times per week. Based on estimate dated May 15, 1984 received from D. V. Waste Control Corp., Goshen, New York.
12. Franchise Tax -- 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 page 7 for details.
13. Sales Tax -- Represents sales tax which may be due pursuant to Section 1105(F)(2) of the New York State Tax Law on that portion of the budget which is applicable to the recreational facilities of the Association (i.e., 7% of approximately \$13,600).
14. Managing Agent -- See page 19 for details concerning the three year Management Agreement to be entered into with K & K Management Company, an affiliated entity of Sponsor.

WOFSEY, CERTILMAN, HAFT, LEBOW & BALIN

ATTORNEYS AND COUNSELLORS AT LAW

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May 21, 1984

K & K Associates  
c/o Kutsher's Country Club  
Monticello, NY 12701

Re: Hidden Ridge at Kutsher's  
Country Club  
Home Owners Association, Inc.

Gentlemen:

We have examined the Offering Plan and various supporting pages for the above captioned Home Owners Association. It is our opinion that the Declaration of Covenants and Restrictions, annexed as Exhibit A to the Offering Plan will, when recorded in the Sullivan County Clerk's Office, be legal and valid and that persons purchasing homes in the Hidden Ridge at Kutsher's Country Club development shall automatically become members of the Hidden Ridge at Kutsher's Country Club Home Owners 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.

In adding a new Section 528 to the Code, the Tax Reform Act of 1976 affords certain Home Owner 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 percent or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Home Owners and 90 percent or more of the expenditures must be for the acquisition, construction, management, maintenance and care of the Home Owner Association property, which property, as defined in Section 528 of the Code, include property held by the Home Owners Association, property commonly held by the members of the Home Owners Association or property within the Home Owners Association held by the members of the Home Owners Association. Based upon our examination of the Offering Plan and subject to the Home Owners Association actually satisfying the minimum percentage income and expenditure criteria set forth above, it

is our opinion that the Home Owners 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 Home Owners Association from the Home Owners as membership dues, fees or assessments. The Home Owners 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 Home Owners. In the event the Home Owners 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 Home Owners not expended in any taxable year, be subject to Federal and New York State Income Taxation (see Rev. Ruling 74-99, 1974-1 CB131).

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 analogous 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 such Declaration when recorded will be binding on all home owners at Hidden Ridge at Kutsher's Country Club.

We note that as of the initial date of presentation of the Offering Plan the Sponsor has received preliminary approval from the Town of Thompson Planning Commission. In the event final approval is consistent with the preliminary approval and a sub-division map of the development is filed, it is our opinion that the plan of development of Hidden Ridge at Kutsher's Country Club as outlined in the Offering Plan will conform to such approvals.

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 HOA, or any other person be liable if by reason of future changes in fact or applicable law, regulation, decisional law or Internal Revenue Service rulings the tax status should cease to meet the 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,

WOFSEY, CERTILMAN, HAFT,  
LEBOW & BALIN

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

SITE:

The site is located on the northwest side of Old Liberty Road, Monticello, Town of Thompson, Sullivan County, New York. The parcel consists of approximately 50 acres. It is zoned Planned Unit Development District Number 2 of the Code of the Town of Thompson which permits construction of the Development.

There are 150 lots for single family attached and semi-attached homes totalling approximately 5.83 acres. The remaining 44.17 acres will be owned by the Association as Common Area.

There will be 55 structures, containing 150 attached and semi-attached homes. To the east of the Development is Kutsher's Country Club. The Development is approximately 1/4 mile from Anawana Lake, approximately 2 miles from Monticello and approximately 90 miles from New York City.

ROADWAYS:

Roads will be built in conformity with rules and regulations of the Town of Thompson and will be owned by the Association. The Association will be obligated to repair, maintain, clean, and remove snow from the roadway.

PARKING:

Parking will be provided by 300 outdoor parking spaces located throughout the Development. The parking spaces will be available to all home owners and their guests on a first come first served basis.

UTILITIES

A water supply system will be provided by Old Liberty Water Company, a privately owned water company which derives its water from Anawana Lake and drilled wells. The cost of such water for the Common Areas will be a common expense. Water for each home will be an individual expense.

Electric service will be provided by New York Gas and Electric Company. There is no gas service required for the Development. Telephone service will be provided by New York Telephone Company. Electricity and water for Common Areas will be a common expense of the Association. Electricity, water and telephone charges for each Home will be an individual expense of each Home Owner.

### SEWAGE:

Sewer lines in the Development will be connected to a sewage plant owned by Old Liberty Sewer Company, a privately owned company. The Association will pay sewer charges for use of the facility and the cost thereof will be an individual expense of each Home Owner.

### REFUSE REMOVAL

Refuse removal will be on a private contract basis with independent contractor chosen by the Association. Collections will be made twice a week. The cost of collection shall be included in Association Assessments.

### LANDSCAPING

The landscaping in the Development will retain the natural surroundings, including existing growth, foliage and rock formations, to the maximum extent feasible. Planting on Common Areas will be minimal and will include shrubbery such as evergreens, spruces, hemlocks, yews, philodendron and mountain laurel.

### RECREATIONAL FACILITIES

Swimming Pool: One swimming pool, approximately 25 feet by 60 feet. The pool will be constructed of concrete gunite. The swimming pool will have a maximum occupancy of 60 persons, and a graduated depth from 3-1/2 feet to 8-1/2 feet. The swimming pool will be approved by the Sullivan County Board of Health.

Pool House: A one story pool house of approximately 500 square feet will be constructed adjacent to the swimming pool. It will have mens and womens lavatories and a pool equipment and pump room.

### SITE LIGHTING

Approximately twenty 70 watt street lights will be provided along the streets which run within the Development. The lights will be placed atop 15' high poles which will be owned and maintained by the Association. The cost of street lighting will be paid by Home Owners through Association Assessments.

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.

MEMBERSHIP AT KUTSHER'S COUNTRY CLUB

A 99 year Licensing Agreement has been entered into with the owners of the adjacent Kutsher's Country Club which will permit all home owners in the Development to purchase a yearly guest membership at Kutsher's Country Club. A copy of the License Agreement is set forth as Exhibit L. A copy of the Agreement presently in effect to purchase annual memberships is set forth as Exhibit M. Membership at Kutsher's Country Club is optional and a home owner in the Development will have no obligation to join. In the event a home owner wishes to purchase a yearly membership, it will entitle the home owner to use all of Kutsher's facilities including access to tennis courts, swimming pools, health club, racquet ball courts, ice skating rink, game rooms, playing fields, basketball courts and skiing areas and lifts. The use of such facilities is subject to availability of such facilities at a particular time. Membership does not include the teen program, day care program, use of the dining room facilities or use of the sleeping accommodations.

Home owners will be treated in a similar manner to patrons at the hotel and will therefore be requested to pay the same posted fee paid by patrons for use of the golf course, paddle boats, indoor tennis courts and ski equipment. In addition, the guest rate does not include the cost of the nightly show, if any.

The cost of membership for a year shall be as follows:

\$1,000 for each of the first two adult home owners per home;

\$600 for each additional adult home owner;

\$300 for each child under 18.

Home owner guests will also be permitted access to the Kutsher facilities at the following current rates:

\$50 per weekend for each adult guest

\$20 per day for each adult guest.

The guest rate does not include the cost of the nightly show which will be additional if guests wish to watch the show.

Home owner rates as noted above will remain unchanged for a period expiring on the April 1st nearest to the period expiring one year after the closing of title to the first home in the Development. Rate increases in subsequent years will be limited to 10% per year thereafter.

Home owners may purchase full year memberships only at Kutsher's Country Club on the date of closing of title or on each April 1st thereafter, but not at any other time. Home owners electing

to join at the closing of title will be required to pay, at the time of closing, a portion of the yearly membership fee prorated to the next April 1st. Home owners joining or renewing their memberships on April 1st will be required to pay for the full year terminating on the following March 30th.

Home owner members will be issued a permanent identification pass which must be exhibited before access to Kutsher's facilities will be permitted. Annual membership cards are transferable in accordance with paragraph 6 of Exhibit M. See Paragraph 5 of Exhibit M for details concerning restrictions on guests and the additional fees imposed for permitted guests. All home owner members and their guests must abide by the rules of the hotel. The membership of any home owner not complying with these rules or acting in a manner not in the best interest of the hotel and its patrons may be revoked in the discretion of Kutsher's. In the event membership is revoked, a reimbursement will be made of \$50 for each full month remaining until the next April 1st.

Purchasers should be advised that Kutsher's Country Club is a privately owned facility and is not part of the Hidden Ridge at Kutsher's Country Club Development. Membership at Kutsher's Country Club is optional and the cost thereof is the personal obligation of a home owner wishing to join. Such membership cost is not included in the Association assessments.

Sponsor makes no representation as to type or quality of facilities which are presently available at Kutsher's Country Club or which may be available in the future. Since such facility is privately owned, the Sponsor cannot guarantee that the facilities presently available will be available in the future or that the Kutsher's Country Club will continue to be operated for the entire term of the 99 year license to be entered into with the Association. Purchasers should be advised that Kutsher's Country Club has been in continuous operation for the past 77 years. Purchasers interested in membership at Kutsher's Country Club are advised to personally inspect the facilities presently existing at such resort to acquaint themselves with all the amenities available to a member.



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, together with the By-Laws annexed thereto and made a part thereof, with the Office of the Clerk of the County of Sullivan. This Declaration and the annexed By-Laws have been included in this Offering Plan as Exhibits A and C.

The Sponsor has organized the Hidden Ridge at Kutsher's Country Club Home Owners Association, Inc. under the provisions of the New York Not-for-Profit Corporation Law, for the purpose of owning, maintaining and operating the recreation facilities, roadways and parking areas comprising the Common Properties and maintaining the exterior roof and staining the exterior siding, and landscaping in the Development. The Declaration of Covenants, Restrictions, Easements, Charges and Liens 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 liable for its assessments as hereinafter provided.

The Declaration of Covenants, Restrictions, Easements, Charges and Liens gives each Member of the Association an easement in and to the recreational facilities, roadways and parking areas located on the Common Properties for himself and his guests. Each Member is also granted easements to connect with and make use of certain utility and sewer and drainage lines. 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 150 Homes in the Development.

The Declaration of Covenants, Restrictions, Easements, Charges and Liens provides that the Association shall have architectural control over any exterior addition, change or alteration. In addition, the use of a Home and the Common Areas are subject to various covenants and restrictions. See Article XI of the Declaration for a full description of such restrictions.

The Members' right to the use and enjoyment of the Common Properties, which expires on December 31, 2014, will be automatically extended for successive ten year periods, unless 80% of the owners of homes constructed on The Properties agree to change the

Declaration of Covenants, Restrictions, Easements, Charges and Liens 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 three, nor more than five 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 them the home in which they reside. 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 Steven Klar, Milton Kutsher, and David A. Brodsky the first Board of Directors.

At the first annual meeting and at all subsequent annual meetings the membership will elect five 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.

C. Control by Sponsor

Notwithstanding the provisions of Paragraph "B" above, the Sponsor will have the right to designate three Directors at any annual meeting of the Association members until the fifth anniversary date of the recording of the Declaration of Covenants, Restrictions, Easements, Charges and Liens applicable to the Development or until 90% of the Homes in the Development are sold, whichever occurs first. During this period the Board of Directors will consist of five members. Thereafter, the Sponsor will have the right to designate one Director for so long as it holds at least one membership. The Sponsor may not cast its votes to elect any Directors in addition to the designated Directors set forth above. When Sponsor no longer owns any membership interests it may no longer designate any Directors. However, so long as the Sponsor or its designee shall continue to own membership interests representing at least 5% of the total membership, but in no event later than 5 years from the closing of title to the first home, the Board of Directors may not, without the Sponsor's prior written consent, (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 of the

Hidden Ridge at Kutsher's Country Club Home Owners Association, Inc. Offering Plan, or (vi) purchase any materials, equipment or other goods costing in excess of \$1,000. Sponsor 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 Sponsor is in control of the Board of Directors. No mortgage liens will be placed on the Common Area without the consent of at least 51% of the home owners excluding Sponsor or Sponsor's nominees. While Sponsor is in control of the Board of Directors, certified financial statements will be provided each year to members.

D. Expenses of Operating  
the Association

The costs and expenses of operating the Home Owners Association and of making capital improvements, if any, will be allocated equally among the 150 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 the difference between the actual operating costs of the Association, including reserves on the Common Properties and on homes to which title has been conveyed and the assessments levied on owners who have closed title on their homes. 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.

By his acceptance of a deed, each Home Owner subject to the Declaration will be deemed to covenant and agree to pay to the Home Owners 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 Home Owners Association will be an automatic Home Owners Association, no member may exempt himself from contributing toward the expenses of the Home Owners Association by waiver of the use of the improvements maintained by the Association.

Set forth at page 3 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 \$250.00 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 3, such amounts will be repaid to such fund out of the Association assessments collected. Although 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.

E. Membership and Voting Rights  
in the Association

The Association shall have one class of membership interest. The Owner(s) of each dwelling unit in the Development shall be a Member whether such ownership is joint, in common or tenancy by the entirety. A sixty-six and two-thirds (66-2/3%) percent of the members is required to amend the Declaration or By-Laws.

Each Member is entitled to one vote. See page 13 for Sponsor's right to designate three Directors until the fifth anniversary of the recording of the Declaration or until 90% of the Homes have been sold. Other than as set forth above, no member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

TOWN OF THOMPSON APPROVAL

As of the initial effective date of this Plan, the Sponsor has received preliminary approval from the Town of Thompson Planning Commission but has not received final subdivision approval. When final subdivision approval has been granted and the subdivision map has been filed, the Sponsor will disclose such facts by means of a duly filed amendment to this Plan. No closing will be held until final approval is received and the subdivision map is filed. If the subdivision map has not been filed within 18 months of the initial date of presentation of the Plan, all purchasers will be given the right to rescind their Purchase Agreements and receive a full refund of their down payment.

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 owner, then the Board shall obtain such insurance coverage and the cost of such premium will be an individual assessment against such 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 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 thereof will be a special assessment against the owner of such home. Until such time as the 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 be released from the lien of all mortgages prior to their conveyance by the Sponsor to the Association. The Sponsor will complete the construction of all roadways and walkways directly serving a home before conveying title to the home. The Sponsor will 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. If the construction of the roads, sewer or water lines has not been completed prior to conveyance to the Association, Sponsor will post a bond or escrow funds or provide other adequate security in an amount to be determined by a licensed engineer which amount shall not be less than the amount required to complete such construction to the required specifications. The Sponsor's obligations to complete the construction of the Common Properties will survive their conveyance to the Association. Sponsor anticipates completion of the recreation facilities by approximately July 1, 1985 and all Common Area by approximately December 1, 1985. The Sponsor will not be required to post a completion bond with the Town of Thompson to insure completion of the Common Properties.

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

At the time of the transfer of title of the Common Properties by the Sponsor to the Association, the Sponsor will furnish the Association with a fee title policy covering the lands comprising the Common Properties. This fee policy of title insurance will be issued by a reputable title insurance company licensed to do business in the State of New York, and shall be in the amount of \$745,000. Any proceeds of such title policy arising out of a claim of defective title, pertaining to land being conveyed to the Association, will be held for the benefit of and delivered to the Association.

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

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 Property improvements to the Board of Directors, including specifications of roads, sewer system, and/or water lines and a representation that the plans or specifications are in substantial compliance with the terms of the Offering Plan. If Sponsor has reserved an easement to complete construction of the Property and use the Common Area facilities in connection with the sale of Homes, Sponsor will be obligated to repair any damage to the Common Area caused by its construction.

Sponsor is obligated to pay Association assessments on unsold Homes in the manner set forth at page 15.

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

#### 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 Selling Agent together with a check in the amount of 10% of the total purchase price. Sponsor reserves the right to decline to sell more than one Home to one purchaser. No purchase agreement may be entered into unless purchaser has received a copy of the Offering Plan at least 3 full business days prior to the execution of the

the purchase agreement. The purchase agreement provides that the closing of title will not be scheduled on less than 10 days written notice to the purchaser and that purchaser will have 10 days to cure any default under the purchase agreement.

### Trust Funds

The Sponsor will hold all monies received directly or through its agents or employees in trust until the closing of title or Sponsor will post a surety bond 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, this 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 352e2(b) of the General Business Law, in a special account entitled "Hidden Ridge at Kutsher's Country Club Special Account" or similar in Key Bank, Route 94, Chester, New York. The signature of David A. Brodsky, Esq., 112 Whispering Hills Place, Chester, New York, 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 10 days after notice of such default from the Sponsor to the purchaser, the down payment of 10% of the purchase price 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

### Management Services

The Board of Directors will enter into a Management Agreement with K & K Management Company ("The Managing Agent"), 2580 Hempstead Turnpike, East Meadow, New York, an affiliated entity of Sponsor for a term of three years to manage the Association for a fee of \$180 per home per year. The Management Agreement is not assignable by the Managing Agent.

The Managing Agent's duties and services will include among others: billing and collecting Association Assessments; bookkeeping and record keeping; negotiating service contracts; scheduling and supervising of maintenance and repairs; furnishing reports of receipts and disbursements to the Board of Directors and performing all other services normally performed by a Managing Agent. The Managing Agent will also be available on an optional basis to perform services to individual Home Owners in connection with the sale or rental of Homes. Home Owners are not obligated to use the Managing Agent to perform such services. The fees for such services, if desired, will be negotiated between the Managing Agent and the individual Home Owner.

## IDENTITY OF PARTIES

The Sponsor is K & K Associates, a New York partnership with offices c/o Kutsher's Country Club, Monticello, New York. The two partners of Sponsor are Klar Development Corp., a New York corporation with offices at 2580 Hempstead Turnpike, East Meadow, New York and Milton Kutsher Enterprises, Inc., c/o Kutsher's Country Club, Monticello, New York. The sole stockholder of Klar Development Corp. is Steven A. Klar. Mr. Klar was also a principal of the Sponsor of Quail Run Condominium Section 4, Deer Park, New York; High Point Condominium II, North Hills, New York; Whispering Hills Condominium I, Chester, New York; and Whispering Pines Condominium in Suffolk County, New York. Mr. Kutsher is a principal of the owner of Kutsher's Country Club in Monticello, New York but has not previously participated in any public offering for a cooperative 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 Wofsey, Certilman, Haft, Lebow & Balin, 71 South Central Avenue, Valley Stream, New York. David A. Brodsky, Esq., 112 Whispering Hills Place, Chester, New York, will represent Sponsor in connection with individual Home closings.

The Selling Agent is Henry A. Klar Realty, 2580 Hempstead Turnpike, East Meadow, New York. The firm has considerable experience in the sale of residential homes. Steven A. Klar, a principal of Henry A. Klar Realty, is also a principal of a partner of Sponsor.

The Engineer who prepared the specifications set forth in Part II is Eustance and Horowitz, Engineers, Circleville, New York.

## 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 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 Hidden Ridge at Kutsher's Country Club 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 of shares, then anyone who has theretofore executed a Purchase Agreement shall be given not less than 30 days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor and Selling Agent 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.

K & K ASSOCIATES, a partnership

By Klar Development Corp.,  
a partners

By s/ \_\_\_\_\_  
Steven A. Klar, President

Dated: June 20, 1984

DECLARATION OF COVENANTS, RESTRICTIONS,  
EASEMENTS, CHARGES AND LIENS

DECLARANT - K & K ASSOCIATES

DATE OF DECLARATION -

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Wofsey, Certilman, Haft, Lebow & Balin  
Attorneys for the Sponsor  
71 South Central Avenue  
Valley Stream, NY 11580

EXHIBIT A

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DECLARATION OF COVENANTS, RESTRICTIONS,  
EASEMENTS, CHARGES AND LIENS

Declaration made as of this            day of            , 198 ,  
by K & K Associates, a New York partnership with offices c/o  
Kutsher's Country Club, Monticello, New York hereinafter re-  
ferred to as "Developer."

W I T N E S S E T H :

WHEREAS, Developer is the owner of the real property described in Article II of this Declaration and shown on the filed subdivision map which Declarant desires to develop as a residential community with various permanent open spaces and other common facilities for the benefit of said Community; and

WHEREAS, 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 described in Article II 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, 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, Developer has incorporated Hidden Ridge at Kutsher's Country Club Home Owners 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 described in Article II 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.

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 Hidden Ridge at Kutsher's Country Club Home Owners Association, Inc., a New York Not-for-Profit corporation.

(b) "The Properties" shall mean and refer to all such existing properties as are subject to this Declaration.

(c) "Home" shall mean and refer to all units of residential housing situated upon The Properties.

(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, as such interest is set forth in Article III.

(f) "Development" shall mean Hidden Ridge at Kutsher's Country Club, a 150 home development being constructed on The Properties.

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

(j) "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.

## ARTICLE II. PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Properties. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is all that certain plot, piece or parcel of

land situate, lying and being in Monticello, Town of Thompson, County of Sullivan, 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 one class of membership interest. The owner of each dwelling unit on The Properties subject to this Declaration shall be a member.

Each member is entitled to one vote. When more than one person or entity holds such interest in any Home, the one vote attributable to such Home shall be exercised as such persons mutually determine but with the exception of cumulative voting employed in the election of Directors, not more than one vote 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 the one vote as set forth above. No member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

#### 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 Properties and such easement shall be appurtenant to and shall pass with the title to every Home.

Section 2. Title to Common Properties. Prior to conveyance of title to the first Home on the Properties, the Developer shall convey to the Association legal title to the Common Properties subject, however, to the following covenant 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 Properties 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 Properties shall include, but not be limited to, the repair of damage to roadways, buildings, pool, outdoor lighting and fences, landscape maintenance, exterior home and building maintenance to all homes which will include roof repair and staining the exterior of the Homes.

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 Properties.

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 for a 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;

(b) The right of the Association to charge Association Members reasonable admission and other fees for the use of the Common Properties. This right shall not be exercised for a period of three years from the recording of the Declaration and after this period only by a vote of 66-2/3% of the Members.

(c) The right of the Association to dedicate or transfer all or any part of the Common Properties 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 Members and their mortgagees entitled to cast eighty (80%) percent of the eligible 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 Properties, 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 Properties for the completion of the Developer's work under Section 1 of Article V.

ARTICLE V. DEVELOPMENT OF HIDDEN RIDGE AT  
KUTSHER'S COUNTRY CLUB

Section 1. Hidden Ridge at Kutsher's Country Club. Developer intends to build 150 Homes on approximately 5.83 acres of land comprising part of the Properties.



Section 2. Easement. 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 filed map as they may be built or relocated in the future) for all purposes;

(ii) Rights to connect with, maintain and make use of 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.

Section 3. Reservation of Easements. 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. 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, Developer reserves the right to continue to use the Properties and any sales offices, model homes, signs, recreation facilities, roadways, 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 Developer.

Section 4. Encroachments on Lots. In the event that any portion of any roadway, walkway, parking area, driveway, water lines, sewer lines, utility lines, 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, building or structure. The foregoing shall also apply to any replacements of any such roadway, walkway, driveway, parking area, water lines, sewer lines, utility lines, 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 provided. 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 Assessment. 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 Properties and of the Homes situated upon the Properties, including without limiting the foregoing, and 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. 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 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 number of Homes on the Properties subject to this Declaration: One Hundred Fifty (150). The Developer's obligation for such assessments on unsold Homes subject to this Declaration will be limited to the difference between the actual operating costs of the Association, including reserves on the Common Properties and on Homes to which title has been conveyed

and the assessments levied on owners who have closed title on their homes. 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 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. 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 of record encumbering the Home. The personal obligation of the Member who was the Owner of the Home when the assessment fell due to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

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.

## ARTICLE VII. ARCHITECTURAL CONTROL

No building, fence, wall or other structure, or change or alteration to the exterior of the Homes shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event said Board, or its designated 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. The provisions of this paragraph shall not apply to Developer. As set forth in Article VIII, Section 7(d) of the Association By-Laws, a two thirds majority of the Board of Directors or Architectural Committee shall be required for approval of any addition, change or alteration.

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

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 Schedule 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. However any party to the dispute shall thereafter have the right to institute any action or proceeding, at law or equity, which he deems necessary or desirable to appeal this decision.

#### ARTICLE IX. EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance of the Common Areas, the Association shall provide exterior painting or staining to each Home which is subject to assessment under this Declaration, and maintenance of the roof on such homes. The Association, shall also be responsible for landscape maintenance and snow removal of the roadways and parking areas on the Common Properties, maintenance of the parking spaces, roadways and facilities comprising the Common Properties and maintenance of any pipes, wires or conduits located outside of any Home including common sewer and water lines located outside of the Homes.

Section 2. Disrepair of Lots. In the event the Owner of any Home in The Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, including but not limited, where such maintenance functions are not otherwise directed by the provisions of this Declaration to be performed by the Association, upon direction of the Board of Directors, it

shall have the right, through its agents and employees to enter upon the lot upon which said Home is located and to repair, maintain and restore the lot and the buildings and any other improvements erected thereon. The cost of such maintenance shall be added to and become part of the assessments to which such Home is subject.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the maintenance required by this Article the Association, through its duly authorized agent and employees, shall have the right on notice to enter upon any Home Owner's lot at reasonable hours, on any day except Sundays and holidays (except that in an emergency situation such notice need not be given).

#### ARTICLE X. INSURANCE

Section 1. Common Areas. The Board of Directors shall maintain public liability insurance, to the extent obtainable, covering 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 the following insurance: (a) 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 and (b) workmen's compensation insurance. All insurance premiums for such coverage shall be paid for by the Association.

Section 2. Homes. Each Home 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 sufficient to cover the full replacement value, or for necessary repair or reconstruction work. Such insurance shall be written in the manner designated by the Association. Each Owner shall be required to supply the Board of Directors with evidence of insurance coverage on his home which complies with the provisions of this Section.

A. 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 insurance 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 obtained by the Board of Directors, as provided hereinabove, 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 any home destroyed by fire or other casualty. The insurance proceeds on policies secured either by the Home Owner or the Board of Directors shall be deposited in a bank or other financial institution, subject to withdrawal only by the signature of an agent duly authorized by the Board of Directors. If no repair or rebuilding has been contracted for, or otherwise substantially started by the Owner, with the cooperation of the Board of Directors within thirty (30) days of the receipt of the insurance proceeds, the Board of Directors shall itself initiate the repair or rebuilding of the damaged or destroyed portions of the structure and/or exterior of the unit, in a good and workmanlike manner in conformance with the original plans and specifications. The Board of Directors may advertise for sealed bids from any licensed contractors and may then negotiate with said contractors. The contractor or contractors selected to perform the work shall provide full performance and payment bonds for such repair or rebuilding. In the event the insurance proceeds are insufficient to fully pay the costs 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 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 owner's mortgagee in such portions as shall be independently determined by those parties.

#### ARTICLE XI. USE OF PROPERTY

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

(a) The Home and area restricted to the Member's use shall be maintained in good repair and overall appearance.

(b) Any Member who mortgages or sells his Home shall notify the Board of Directors providing the name and address of his mortgagee or new owner.

(c) 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.

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

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

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

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

(h) All dogs must be leashed and shall not be permitted to run loose. Home Owners shall be responsible for picking up and disposing of their dog's waste and for any damage caused by their dogs to the Common Areas.

(i) No resident of the Community shall post any advertisement or posters of any kind in or on the Properties except as authorized by the Board of Directors. This paragraph shall not apply to Developer.

(j) No fence or gate shall be erected on the Properties without the prior written consent of the Board of Directors. This paragraph shall not apply to Developer.

(k) 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.

(l) No Home Owner shall move, remove, add or otherwise change the landscaping on common area. Each homeowner is responsible for the landscaping and maintenance of his own individual lot.

(m) No Home Owner shall paint the exterior surfaces of windows, walls or doors opening out of his Home.



(n) No person shall park a vehicle or otherwise obstruct any resident's use of ingress or egress to any parking space nor may any vehicle be parked on the roadways when parking would obstruct access by emergency or service vehicles.

(o) No Home Owner shall install or permit to be installed any window mounted or through the wall mounted air conditioning unit in his Home.

(p) No repair of motor vehicles shall be made in any of the roadways or parking areas to the Development nor shall such areas be used for storage parking of any boat, trailer, camper, bus, truck or commercial vehicle without the written permission of the Board of Directors.

(q) No person shall be permitted to use the recreational facilities of the Association except in accordance with the rules and regulations established by the Association's Board of Directors.

(r) No Home Owner shall make or permit any disturbing noises in any building or do or permit anything to be done therein, which will interfere with the rights, comforts or conveniences of other Home Owners.

(s) Homes may be used for residential purposes only.

(t) The Common Area shall not be obstructed, littered, defaced or misused in any manner.

(u) 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 said Owner or such other person for whose conduct he is legally responsible.

(v) 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.

(w) It is prohibited to hang garments, rugs, etc., or to string clothes lines on any portion of the Home, lot, or Common Area which may be seen from any portion of the Common Area.

(x) No resident of the Development shall post any advertisement or posters of any kind including "For Sale"

and "For Rent" signs in the Home, on a lot, or the Common Area except as authorized by the Board of Directors.

## 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 Properties 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, 2014, 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 sixty-six and two-thirds percent (66-2/3%) 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 Section 2 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 Home Owners. Unless specifically prohibited herein, this Declaration may be amended by an instrument signed by Members holding not less than sixty-six and two-thirds percent (66-2/3%) of the votes of the membership. Any amendment must be properly recorded to be effective.

Section 3. Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Association, its real and personal assets, including the Common Properties, 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.

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

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

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

K & K ASSOCIATES, a partnership

By Klar Development Corp.,  
a partner

By \_\_\_\_\_  
Steven A. Klar, President

ATTEST:

Secretary

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

On the                    day of   , 198 , before me personally came Steven A. Klar, to me known, who, being by me duly sworn, did depose and say that he resides at No.                                     , New York, that he is the President of Klar Development Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order; that Klar Development Corp. is a general partner of K & K Associates, a partnership; the partnership described in and which executed the foregoing instrument; and Klar Development Corp. executed said instrument on behalf of said partnership.

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Notary Public

CERTIFICATE OF INCORPORATION  
OF

HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.

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

IRA J. ADLER, 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 HIDDEN RIDGE AT KUTSHER'S  
COUNTRY CLUB HOME OWNERS 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 K & K Associates, a partnership on lands  
situated at Old Liberty Road, Monticello, Town of  
Thompson, County of Sullivan, State of New York; and for  
this purpose:

(1) To own, acquire, build, operate and maintain  
land and facilities for swimming and other recreational  
and community use, including roads, parking areas, struc-  
tures and personal property incidental thereto, herein-  
after referred to as the "Common Properties"; 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 Properties, 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 (hereinafter referred to as the "Declaration") which may hereafter be made by K & K Associates and recorded among the land records of Sullivan County, New York.

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: The Corporation shall have the power to dispose of its real properties only as authorized under the Declaration applicable to said properties.

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

SEVENTH: The office of the Corporation will be located at Old Liberty Road, Monticello, Town of Thompson, County of Sullivan, State of New York.

EIGHTH: The territory in which the operations of the Corporation will be principally conducted is Monticello, Town of Thompson, in the County of Sullivan, State of New York.

NINTH: 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: Old Liberty Road, Monticello, New York 12701.

TENTH: 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 David A. Brodsky, Old Liberty Road, Monticello, New York 12701.

ELEVENTH: That no approvals or consents are required to be attached to this Certificate of Incorporation.

IN WITNESS WHEREOF, I have made and signed this Certificate this day of , 1984 and I affirm the statements contained herein as true under penalties of perjury.

\_\_\_\_\_  
IRA J. ADLER

71 South Central Avenue  
Valley Stream, NY 11580

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

On this day of , 198 , before me personally came IRA J. ADLER, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged that he had executed the same.

\_\_\_\_\_  
Notary Public

BY-LAWS

OF

HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.

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Wofsey, Certilman, Haft, Lebow & Balin  
Attorneys for the Sponsor  
71 South Central Avenue  
Valley Stream, NY 11580

EXHIBIT C



HIDDEN RIDGE HOMEOWNERS' ASSOCIATION

~~AMENDMENTS~~ AMENDMENTS (3)

*Proposed*

1) ARTICLE VII: Board of Directors

Section 1, Number and Term (effective election, 1990)

The number of Directors which shall constitute the whole Board shall not be less than three nor more than seven. At the first annual meeting after the effective date of this amended by-law the members of the Association shall vote for and elect seven Directors. The four individual Directors receiving the greatest number of votes to qualify for election shall serve for a term of two years, and the three individual Directors receiving the next in number of votes to qualify for election shall serve for a term of one year. On the following annual meeting, the Directors elected to replace those Directors whose one year term of office has expired shall be elected to serve a full term of two years from the date of such election. Directors elected at each annual meeting thereafter shall be elected to serve a full term of two years from the date of vacancy.

YES NO

*Proposed*

2) ARTICLE VII: Voting Rights

Section 2, Cumulative Voting (effective election, 1990)

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 shall distribute such votes among the nominees as he sees fit except that no more than one vote per member shall be cast for any one nominated Director. The Directors elected to fill the vacancy on the Board shall be those candidates in descending order who have received the greatest number of individual votes.

YES NO

*Proposed*

4) To have all votes of the Board of Directors decided by a majority vote instead of 2/3 as presently constituted. (effective August 6, 1989)

YES NO

*Note:  
This page should be inserted  
in your copy of the By-Laws.*

## BY-LAWS

OF

HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.

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BY-LAWS

OF

HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.

A New York Not-for-Profit Corporation

ARTICLE I. NAME, LOCATION AND PRINCIPAL OFFICE

These are the By-Laws of Hidden Ridge at Kutsher's Country Club Home Owners Association, Inc. hereinafter referred to as the "Association". The principal office of the Association shall be located at Old Liberty Road, Monticello, County of Sullivan and State of New York.

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 Hidden Ridge at Kutsher's Country Club Home Owners Association, Inc., a New York Not-for-Profit Corporation.

(b) "Developer" shall mean and refer to K & K Associates, New York partnership and its successors and assigns if such successors and assigns should acquire an undeveloped or developed but unsold portion of The Properties from the Developer for the purpose of development.

(c) "Declaration" shall mean and refer to the Declaration of Covenants, Restrictions, Easements, Charges and Liens applicable to The Properties recorded among the land records in the Clerk of the County of Sullivan, New York.

(d) "The Properties" shall mean and refer to all those areas of land described in and subject to the Declaration.

(e) "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) "Home" shall mean and refer to all units of residential housing situated upon lots located on The Properties.

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

(i) "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.

(j) "Development" shall mean Hidden Ridge at Kutsher's Country Club, a 150 home development being constructed on the Properties.

### ARTICLE III. PURPOSE

This Association is formed to own, operate and maintain the Common Properties and to provide for certain exterior maintenance of the Homes 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. In the event that a Member shall lease or permit another to occupy his Home, however, the lessee or occupant shall at the option of the Member, be permitted to enjoy the use of the Common Properties in lieu of and subject to the same restrictions and limitations as said Member. However, both the Member and the Lessee 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

The Association shall have one class of membership interest as follows:

The Owner of each Home (or "lot" in the event no home is

constructed on such lot) on the Properties shall be a member and whether such ownership is joint, in common or tenancy by the entirety. Each member is entitled to one vote for each Home in which they hold a membership interest. When more than one person or entity holds such interest in any Home, the one vote attributable to such Home shall be exercised as such persons mutually determine but with the exception of cumulative voting employed in the election of Directors, not more than one vote may be cast with respect to any such Home. No member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

#### ARTICLE VII. QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. So many Members as shall represent at least 51% 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 any meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least 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 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 but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 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 VII. BOARD OF DIRECTORS

Section 1. Number and term. The number of Directors which shall constitute the whole Board shall not be less than three nor more than five. 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 five 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 Developer to 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 Developer shall have the right to designate three Directors until the fifth anniversary date of the recording of the Declaration or until 90% of the Homes in the Development are sold, whichever is sooner. Thereafter, the Developer shall have the right to designate one Director for so long as it holds at least one membership. When the Developer no longer holds any membership interests it may not designate any Directors. Developer may not cast its votes to elect any Directors in addition to the designated Directors set forth above. The provisions of this paragraph shall not be amended without the written consent of the Developer.

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 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, walks, recreation facilities, parking areas, landscaping, roof repair and painting of the exterior of the Homes on The Properties.
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.

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 member residing in home of Member, 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 the Developer or its designee shall continue to own membership interests representing at least 5% of the total membership or more, but in no event later than 5 years from the closing of title to the first home, the Board of Directors may not, without the Developer's prior written consent, (i) make any addition, alteration 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 the Northgate Offering Plan or, (vi) purchase any materials, equipment or other goods costing in excess of \$1,000.00. Developer 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 Developer is in control of the Board of Directors, no mortgage liens will be placed on the Common Properties without the consent of at least 51% of the home owners other than Directors or Developers nominee.

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 two-thirds majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by Statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

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

Section 8. Annual Statement. The Board of Directors shall furnish to all Members and shall present annually (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 disbursements and shall render to the President and Directors, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

He shall keep detailed financial records and books of account of the Association, including a separate account for each Member, which among other things, shall contain the amount of each assessment, the date when due, the 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 9. 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 percent (66 2/3%) 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 119 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, statuary or other structure, or change in landscaping shall be commenced, erected or maintained upon the Properties (except each homeowner is responsible for landscaping of his own lot), nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event the Board, or its designated 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 Section will be deemed to have been duly complied with. The provisions of this paragraph shall not apply to the Developer. As set forth in Article VIII, Section 7(d) of these By-Laws, a two-thirds majority of the Board of Directors or Architectural Committee shall be required for approval of any addition, change, or alteration.

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 K & K Associates, a New York partnership having its offices c/o Kutsher's Country Club, Monticello, New York, hereinafter called the "Seller" and residing at No. \_\_\_\_\_

hereinafter called the "Purchaser".

WHEREAS, the Seller desires to offer for sale Homes to be situated on the land owned by it located in Monticello, New York, together with mandatory memberships in Hidden Ridge at Kutsher's Country Club Home Owners 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 or parcel of land, with the buildings and improvements thereon erected or to be erected, situate, lying and being in Monticello, County of Sullivan and State of New York, known as Lot No. \_\_\_\_\_ on Map entitled, "Hidden Ridge at Kutsher's Country Club" filed in the Office of the Clerk of Sullivan County on \_\_\_\_\_ as File No. \_\_\_\_\_. The one family dwelling referred to shall conform substantially in appearance to Model Type \_\_\_\_\_ as per Plans and/or on exhibit by Seller. Seller is under no obligation to make any customized structural changes to the Home requested by Purchaser.

2. Home Owners Association. The Seller has exhibited and delivered to the Purchaser and Purchaser has read and agrees to be bound by the proposed Declaration of Covenants, Restrictions, Easements, Charges and Liens, By-Laws and Offering Plan of the Association (and the Exhibits attached thereto), 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-A. 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, the 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 Purchasers from a financial institution approved by Sponsor which shall include interest at the prevailing rate of interest charged by financial institutions and permitted by New York State law at the time of closing of title, the proceeds of which shall be turned over to the Seller.

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

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

#### Excluded Items

Decorative fixtures, furniture, furnishings, paint, wall paper, carpeting, ceramic floors, mirrors, shelves, wall and window treatments, built-ins, burglar alarm systems, electric fixtures, site lighting, intercom systems, special landscaping installed at the model homes, central vacuum systems, patios, Belgium block curbing along driveways, decks, high hat lighting, additional fixtures and switches added for decorative purposes and other optional fixtures exhibited in the Model Homes, excepting those specifically set forth in the addendum to this Purchase Agreement, are for display purposes only and are not included in this sale.

All sums paid on account of this contract are hereby made liens upon said premises, but such liens shall not continue after default by the Purchaser under this contract.

3-B. Closing Costs and Adjustments. The Purchaser further agrees to pay to the Seller at the closing of title: the applicable New York State transfer tax (historically this item is customarily paid by Seller), survey fees and the actual fee for recording the deed to the Home. 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 monthly Association charges in advance and \$250.00 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, and, if collected by the lending institution, for Association Assessments.

4. Deed and Subject To. The closing deed shall be a Bargain and Sale Deed with Covenants 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; (b) Easements for screening and planting and for sewer, water, gas, fuel line, drainage, scenic purposes, 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 Sullivan County Clerk's Office; (e) Unpaid taxes and liens, provided the title company shall insure against collection of same from the premises; (f) The filed Subdivision Map of the Development; (g) Any state of facts an accurate survey or personal inspection of the premises would show provided title is not rendered unmarketable; (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 the premises abut; (i) Underground encroachments and easements, if any, including pipes and drains, and such rights as may exist for entry upon said premises to maintain and repair the same; (j) Riparian Rights, if any, in favor of the premises will not be insured; (k) Riparian Rights of others in and to the water and land lying under the water of the brook crossing premises; (l) Restrictions and Reservations in Liber 954 cp 205; (m) Grants in Liber 617 cp 368; Liber 620 cp 7; Liber 657 cp 231; Liber 214 cp 103; Grant in Liber 228 cp 70; Liber 271 cp 162 and Liber 372 cp 451; (n) Oil and Gas Easement in Liber 850 cp 236.

5. 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 19 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 fourteen (14) 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. Nothing herein contained shall be construed to require Seller to grant any adjournment not reasonable in duration. In the event the dwelling 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 Seller shall, by letter-agreement to survive title closing, agree to complete any open items within sixty (60) days after closing, weather and circumstances permitting.

6. Purchasers 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 does hereby agree 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 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). The lending institution reserves the right to select the title company to issue mortgage title loans. 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 \$3,000. If, after compliance with the foregoing by the Purchaser, he is not approved by the lending institution approved by Seller within 120 days from date of application then this agreement shall be deemed cancelled and the monies paid hereunder by the Purchaser shall be refunded to the Purchaser 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 45 days, then this agreement will be deemed cancelled and all monies paid by Purchaser will be refunded with interest, if any. The instruments furnished by the Purchaser are hereby made part of this Agreement.

6-A. Purchase of Home Without a Mortgage Loan. The Purchaser may, at his option, pay the Purchase Price "all cash" without obtaining a mortgage provided Purchaser gives written notice to Seller thereof within 30 days from the date hereof. In the event Purchaser exercises this option, the provisions of this agreement which refer to the mortgage to be obtained by Purchaser (including provisions for mortgage costs) shall be deemed deleted. In the event this option is exercised after 30 days, a Purchaser must reimburse Sponsor for all actual costs incurred in obtaining said mortgage commitment.

7. 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 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 provisions shall apply whether or not construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

8. 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.

9. Risk of Loss. The risk of loss or damage to the Home by fire or any other cause until the delivery of the deed is assumed by the Seller.

10. Lack of Labor/Materials; 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, together with a notice in writing, addressed to the Purchaser at their address hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or sub-division thereto shall impose restrictions on the manufacture, sale, distribution

and/or use of materials from its regular suppliers or from using same in 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.

11. 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. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and upon such election, the amount paid hereunder shall belong to the Seller as liquidated damages 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 on or after the closing of title herein.

12. 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. 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.

14. Municipal Certificates. At the closing of title the Seller will deliver the usual certificates (including those covering electrical installation) and it is further agreed that title will not close until a temporary or permanent certificate

of occupancy has been issued covering the building in which the Home is located.

15. 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 Thompson and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department.

16. Changes in Materials, etc. The Seller reserves the right to: (a) make changes or substitutions of materials or construction for items as set forth in the Offering Plan or Building Plan, provided any such changes are of substantially equal value and quality; (b) determine the exterior color and design, location of buildings, landscaping grading and design of all plots and dwellings to fit into the general pattern of the Community; (c) determine elevation and location of foundations (including reversal of the building and/or home layout), walks, driveways, and streets to conform with topographical conditions; (d) determine whether trees or shrubs currently on the premises are to be removed; (e) alter the elevation and roof details where elevation of adjacent lot warrants such change; (f) alter the exterior materials or placement thereof where alignment of adjacent homes so warrant; (g) determine the type of home to be constructed on a particular lot; (h) to fix the location of a house (including setbacks) within the lot lines; (i) determine the ultimate house type mix to be constructed in the Development; (j) add or remove retaining walls on the lots or Common Areas where required by grade conditions.

The Seller agrees to notify Purchaser of any major changes, specifications, deviations, additions or deletions which may be beyond the scope of the limitations thereon set forth hereinabove. If said major change affects the Common Areas it will be disclosed by a duly filed amendment to the Plan. Such changes shall include but not be limited to the substitution of lots in the event topographical conditions on the lot selected are not conducive to construction of a particular model type on that lot. In the event that Seller notified Purchaser in writing of such changes and modifications, Purchaser shall be deemed to have approved of same, unless Seller receives Purchaser's written disapproval of such modifications and amendments within ten (10) days from date of the aforesaid notice by Seller. In such event, Seller may, at its option elect to withdraw its proposed changes and modifications and shall have thirty (30) days from receipt of Purchaser's notice to do so. Thereupon, the home shall be constructed as provided herein. Or, Seller may elect to effectuate the aforementioned changes and modifications irrespective of Purchaser's notice of disapproval. In such event, Purchaser may declare this Agreement to be null and void and shall be entitled to the return, within thirty (30) days from receipt of Purchaser's

notice of disapproval, of all monies deposited hereunder by Purchaser, with interest, if any, at which time the parties hereto shall be relieved of all further obligations hereunder.

17. 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 ten (10) days after written demand therefor. The selections are to be made at Seller's sales and display offices Monday through Friday, excluding holidays, from the hours of 10:00 a.m. to 4:00 p.m., or at the display showrooms arranged for by the Seller for this purpose. 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.

17 A. 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 and must not delay construction.

18. 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.

19. 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 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 nine months, and except for the 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 with interest, if any.

20. 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 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.

21. LIMITED ONE YEAR WARRANTY. Seller warrants to the purchaser that the plumbing, heating, and electrical systems 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 your home. In addition, a Purchaser will receive the manufacturers warranty on all appliances. 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 among repair or replacement is the Seller's. Written notice of any defect covered by these warranties must be given to Seller in writing 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.

Purchasers should note that:

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 gives you specific legal rights. You may have other rights under State Law.
4. These warranties are extended to you as 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 Sellers original construction or installations.
6. Seller is not responsible for any work or material ordered directly by purchasers from Seller's contractors 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, damage to walkways or other concrete areas caused by the application of salt or deicers, 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 alternation 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, 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.

22. Trust Funds. The Sponsor will hold all monies received directly or through its agents or employees in trust until the closing of title or Sponsor will post a surety bond 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 no bond is posted, such funds will be held as trust funds pursuant to Section 352-h and Section 352e2(b) of the General Business Law, in a special account in Key Bank, Route 94, Chester, New York. The signature of David A. Brodsky, Esq., 112 Whispering Hills Place, Chester, New York, 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 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.

23. No Broker. The parties agree that no broker except Henry A. Klar Realty 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. Seller will pay the brokerage fees of Henry A. Klar Realty.

24. 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.

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

K & K ASSOCIATES

BY \_\_\_\_\_

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Purchaser

## DEED

THIS INDENTURE made the \_\_\_\_\_ day of \_\_\_\_\_, 198 , between K & K Associates, a New York partnership, having a place of business c/o Kutsher's Country Club, Monticello, New York, party of the first part and \_\_\_\_\_, residing at \_\_\_\_\_ party of the second part,

## W I T N E S S E T H :

That the party of the first part, in consideration of Ten Dollars (\$10.00), lawful money of the United States, and other good and valuable considerations, paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever,

ALL that certain piece or parcel of real property, with the building and improvements therein contained, situate, lying and being in Monticello, County of Sullivan and State of New York and more particularly described on Exhibit A annexed hereto and made a part hereof.

Subject to covenants, restrictions, reservations and easements of record.

AND TOGETHER with the benefits and subject to the burdens, covenants, restrictions, by-laws, rules, regulations and easements all as set forth in the Declaration of Covenants, Restrictions, Easements, Charges and Liens made by the party of the first part dated \_\_\_\_\_, 198 and recorded in the Office of the Clerk of Sullivan County on the \_\_\_\_\_ day of \_\_\_\_\_, 198 , in Liber \_\_\_\_\_ of Conveyances at page \_\_\_\_\_

SUBJECT to and together with mutual easements with adjacent homes for support and maintenance of common party walls, and appurtenant support joists and beams.

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

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

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part 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 purpose of paying the cost of the improvement before using any part of the total of the same for any other purpose.

This conveyance has been made in the regular course of business actually conducted by the party of the first part.

The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

K & K ASSOCIATES, a partnership

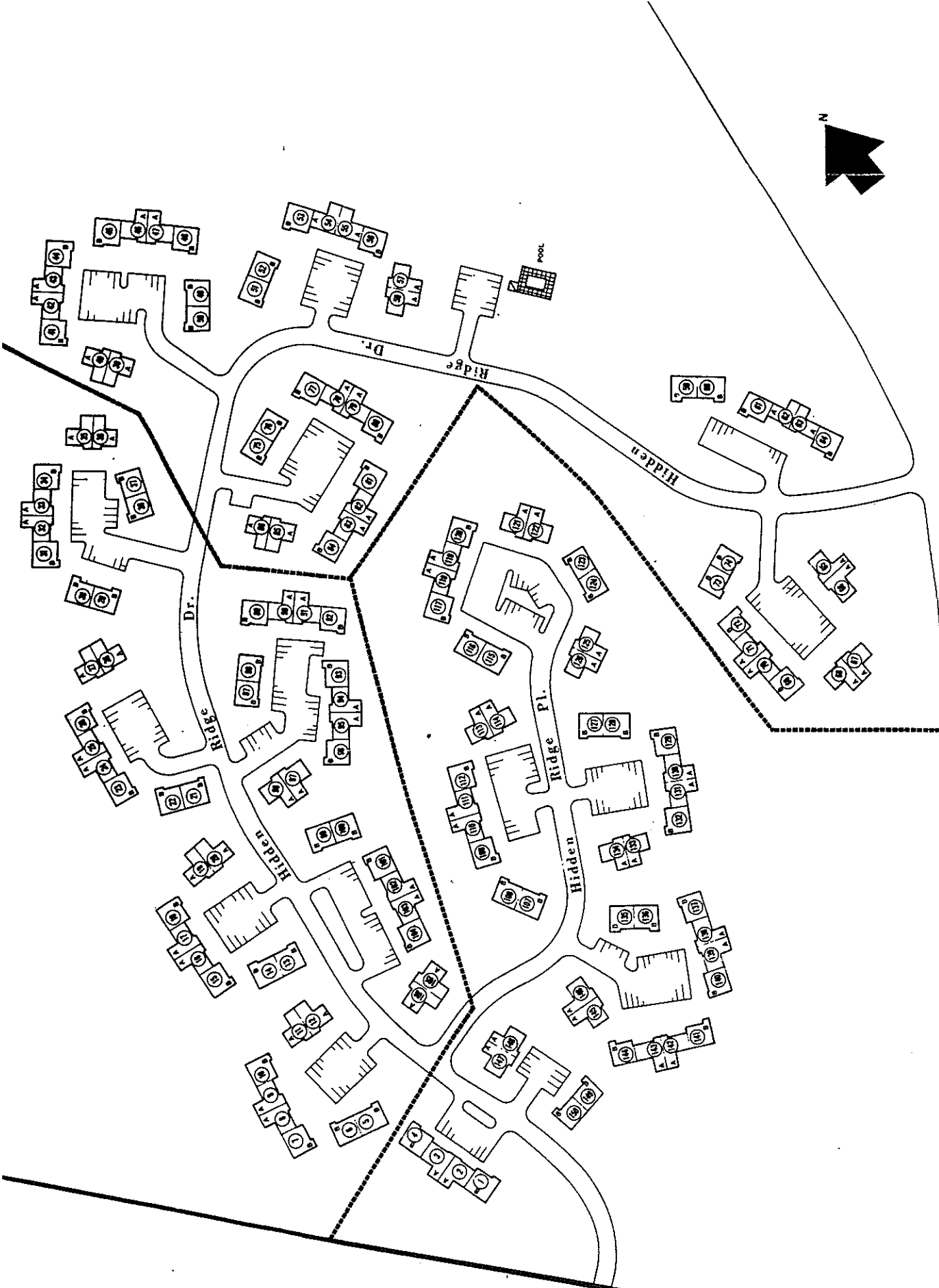
By Klar Development Corp.,  
a partner

By \_\_\_\_\_

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

On the \_\_\_\_\_ day of \_\_\_\_\_, 198 , before me personally came \_\_\_\_\_, to me known, who, being by me duly sworn, did depose and say that he resides at No. \_\_\_\_\_, New York, that he is the President of Klar Development Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order; that Klar Development Corp. is a general partner of K & K Associates, a partnership; the partnership described in and which executed the foregoing instrument; and Klar Development Corp. executed said instrument on behalf of said partnership.

\_\_\_\_\_  
Notary Public

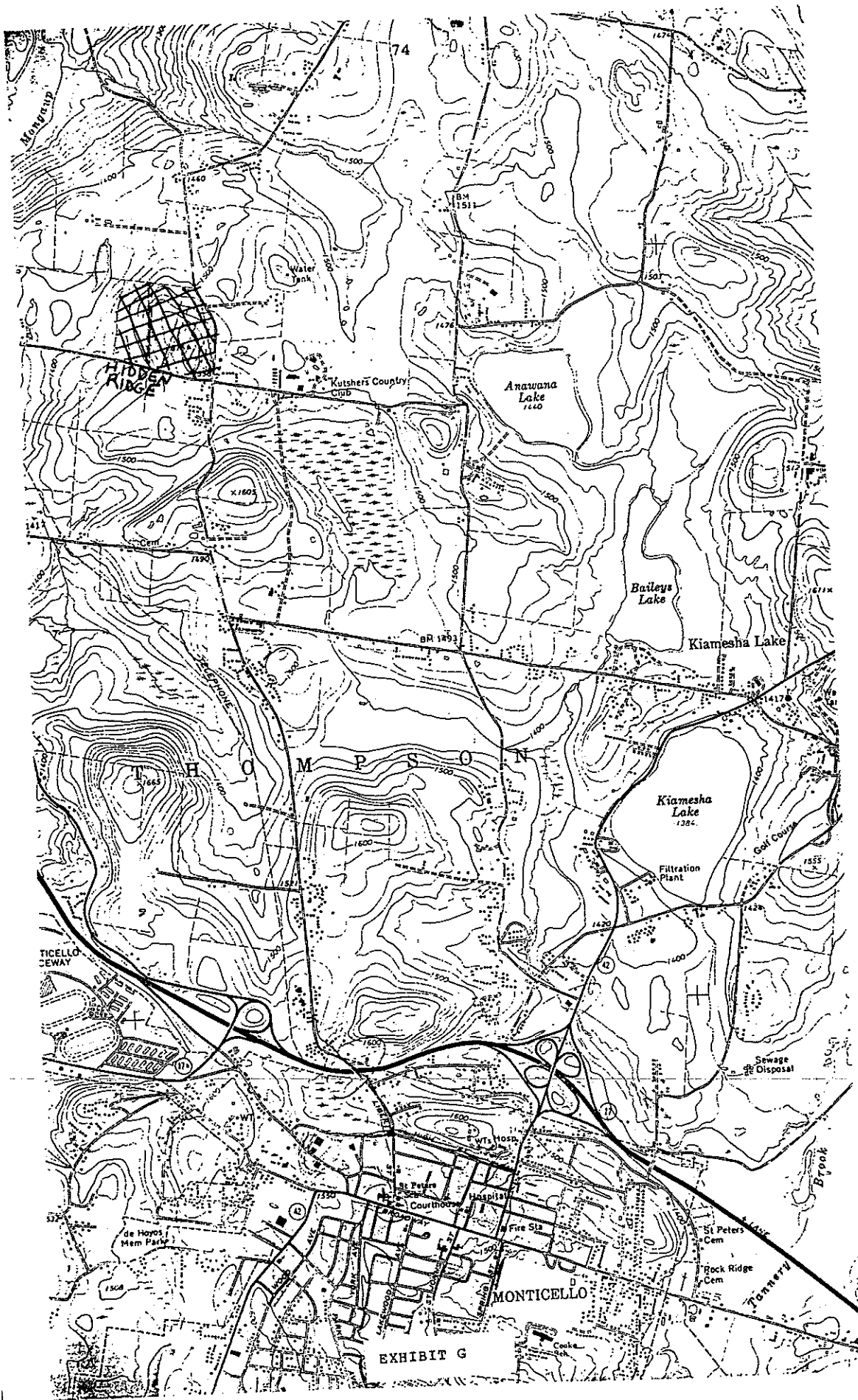


OLD LIBERTY RD.

TO KUTSHER'S COUNTRY CLUB

KUTSHERS RD.

EXHIBIT F



ROADWAY, UTILITY & SITE IMPROVEMENTS  
HOMEOWNER'S ASSOCIATION PROPERTY  
HIDDEN RIDGE AT  
KUTSHER'S COUNTRY CLUB  
TOWN OF THOMPSON  
COUNTY OF SULLIVAN  
STATE OF NEW YORK



*Aron Horowitz*  
*NYSE License # 31216*

Prepared by  
EUSTANCE & HOROWITZ  
Engineers  
P.O. Box 42  
Circleville, N.Y.  
10909  
MAY 1984



Home Owner's Association (H.O.A.) property

A) Location

The property is situated on the northwest corner <sup>of</sup> Old Liberty Road and Friedman Road.

B) Site

1. The total area of the ~~site~~ is 50+ acres, all of which belongs to H.O.A. except for the land under each individual unit as shown on the map approved by the Town of Thompson.
2. There are 55 clusters of residential buildings which contain a total of 150 dwelling units which are individually owned. Thirty five buildings contain 2 dwelling units and twenty buildings contain 4 dwelling units.
3. I) The paving cross-section shall consist of a 12" inch R.O.B. gravel course, 3" thick asphalt base course, as placed by a "Midland" Paver, and an oil and chip sealer. Pavement will be new and inspected and approved by the Town of Thompson. The road will be owned by the H.O.A.

II) There is no curbing.

III) The storm runoff collection system as shown on the plans will be owned by the H.O.A.

IV) The Street lighting will consist of "Keene" Catalogue #OLA-70LX, 70 watt high pressure sodium lights, mounted on 15'-0" high laminated wood poles, placed 250 feet on center along the roadway. They will be installed new and owned by the H.O.A.

4. Drives, sidewalks and ramps

The H.O.A. does not have any sidewalks or ramps.

I) Driveways and parking areas for each cluster are to be constructed to the same specifications as the streets. The development will contain 300 public parking spaces.

II) Curbs will not be constructed.

III) All storm water is directed toward the road for collection in the storm water drainage system.

IV) There will be no additional street lighting, see Item B.3 IV for described street lighting.

C) Sub-soil Conditions

The area is underlain with loam and stony clay loam. Some shale rock is anticipated in certain areas of the property. No ground water is expected to be encountered within 6' of the surface.

- 1) The soil has a load bearing capacity of three (3) tons per square foot and is capable of supporting the proposed buildings.
- 2) No problems exist with seepage due to the porosity of the soil.
- 3) There is no danger of flooding as the project will be constructed above the flood plain as established by the Department of Housing and Urban Development Federal Insurance Administration. There is no potential for mudslides.

D) Landscaping & Enclosures

Plantings and trees shall be throughout the common areas, foundation screening and around units.

- 1) Grass cover - front yards
- 2) Plantings - Euonymus, Juniper, Rhododendron will be planted around the units, along with wildflower mix in the common areas.
- 3) Site is heavily wooded with trees indigenous to the area; every effort will be made to preserve all natural foliage and landscaping.
- 4) Fencing - around the pool as required by local laws.
- 5) Gates - None
- 6) Garden walls - None
- 7) Retaining walls - None
- 8) Display pools - None

E) Utilities

Potable water for the project will be provided by "Kutsher's Water Corp., Inc.", a transportation corp. Each unit will be individually metered. All meters will be owned by the H.O.A. The transportation corp will provide maintenance. Electric is provided by the New York State Electric and Gas Company, a public utility.

F) Sewers

I) All sewage piping material will be P.V.C. with tight joints.

II) No pumping is required.

III) Sewage treatment will be provided by "Kutsher's Sewage Corp.," a transportation corp. The existing treatment plant will provide adequate treatment and is subject to all rules, regulations, and requirements of the NYS DEC.

2) A State Pollutant Discharge Elimination System (SPEDES) permit for the treatment plant was issued by the NYS DEC on June 1980.

3) Storm Draining System. The storm water disposal system consists of a series of drop inlets, <sup>AND</sup> piping networks to discharge the collected storm drainage into the existing drainage water sheds.

No pumping of the storm water is required.

G) Refuse Disposal

H.O.A. will contract with a private contractor to pickup of refuse.

1) No incinerators will be constructed.

2) No compactors will be provided.

3) Storage will be as provided by the private contractor.

H) Garages and Parking Areas

There will be two parking spaces provided for each unit, all in clusters easily accessible to the housing units. All parking areas will be owned and maintained by the H.O.A.

I) Buildings

The H.O.A. will own one (1) structure as follows:

- 1) Pool house of approximately 500 square feet which will be built of frame construction on 4" poured concrete slab. The siding will be maintenance free vinyl of beige color, asphalt shingle roof will be brown. All plumbing fixtures will be American Standard or equal (white). Walls will be finished with sheetrock. It will contain a men's room consisting of one shower, two toilets, two wash basins and one urinal and a women's room consisting of one shower, two toilets and two wash basins. The bath house will also contain a room for the pumps and equipment for the swimming pool.

2) Recreation Facilities

A gunite swimming pool with an area of 1500 square feet will be constructed. Water depth will vary from 3'-6" to 8"6" without a diving board. A deck area will be constructed all around the pool. The filter system will be a diatomaceous earth filter with appropriate piping and chlorination as required by the Sullivan County Department of Health. The fence around the pool area will be approximately 4'-0" high as required by the Town of Thompson Planning Board.

Revised

6/15/87

Alan Horowitz PEALS  
NYS License # 31216

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS

Department of Law  
 State of New York  
 2 World Trade Center  
 New York, NY 10047

Att: Real Estate Financing Bureau

RE: Hidden Ridge at Kutshers Country  
 Club Home Owners Association

We are the Sponsor and the principals of Sponsor of the Home Owners Association Offering Plan for the captioned property.

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

We have read the entire Offering Plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan for the Home Owners Association does, and that documents submitted hereafter by us which amend or supplement the Offering Plan for the Home Owners Association 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 statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

Swor  
 this

Noti

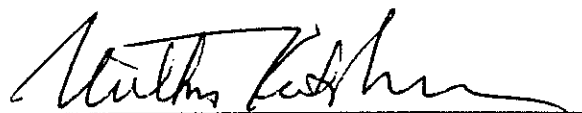
- (vi) not contain any promises or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I/we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representation or statement made.

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

K & K ASSOCIATES, a partnership  
by Klar Development Corp., a Partner


by:   
Steven A. Klar, President

by Milton Kutsher Enterprises, Inc.,  
a Partner

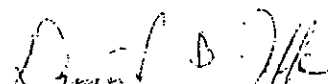
by:   
Milton Kutsher, President

SPONSOR'S PRINCIPALS

  
Steven A. Klar

  
Milton Kutsher

Sworn to before me  
this 14<sup>th</sup> day of  
June, 1984.

  
Notary Public  
DAVID B. JAFFE  
Notary Public State of New York  
Sullivan County Clerk's #1584  
Commission Expires March 30, 1986

## CERTIFICATION BY SPONSOR'S ARCHITECT

Department of Law  
 State of New York  
 2 World Trade Center  
 New York, NY 10047

RE: Hidden Ridge at Kutshers Country  
 Club Home Owners Association

The Sponsor of the captioned Offering Plan for a Home Owners Association retained ~~me~~our firm to prepare a report describing the property when constructed (the "Report"). We examined the building plans and specifications that were prepared by RICHARD BUEKE A.I.A., dated <sup>1</sup> and prepared the Report dated MAY 1984, a copy of which is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on the Report.

~~I~~We understand that ~~I~~we ~~am~~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.

I/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. I/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 the plans and specifications that I/we examined;
- (ii) in ~~my~~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 I/we examined;
- (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 representation or statement which is false, where ~~we~~ we: (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 representation or statement made.

~~We~~ We further certify that I ~~am~~ we are not owned or controlled by and have no beneficial interest in the Sponsor and that ~~my~~ 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.

*Alan Horowitz Pres.*  
*Eustace & Horowitz PC*  
*NYS License # 39216*

Sworn to before me this  
 16<sup>th</sup> day of *May*, 1984.

*David Alan Brodsky*  
 Notary Public



DAVID ALAN BRODSKY  
 Notary Public, State of New York  
 No. 4795193  
 Qualified in Westchester County  
 Commission Expires March 30, 1985



## CERTIFICATION OF ADEQUACY OF BUDGET

Department of Law  
 State of New York  
 2 World Trade Center  
 New York, NY 10047

RE: Hidden Ridge at Kutchers Country  
 Club Home Owners Association

Gentlemen:

The Sponsor of the Home Owners Association Offering Plan for the captioned property retained me/our firm to review Schedule A containing projections of income and expenses for the first year of operation as a Home Owners Association.

I/We understand that I/we am/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 Schedule A.

I/We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. I/We also have relied on my/our experience in managing residential property.

I/We 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 Home Owners Association.

I/We certify that the Schedule:

- (i) sets forth in detail the terms of the transaction as it relates to the Schedule and is complete current and accurate.
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of operation as a Home Owners Association;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does 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 representation or 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 Certification is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. We understand that a copy of this 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. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Our firm is a licensed real estate brokerage, appraisal and counseling organization has been engaged in the management of rental properties, cooperatives and condominiums during the past ten (10) years.

By John Vatisis  
President

Sworn to before me this  
17<sup>th</sup> day of May, 1989.

Vincent P. Tola  
Notary Public

VINCENT P. TOLA  
NOTARY PUBLIC, State of New York  
No. 52-9350536  
Qualified in Suffolk County  
Cert. filed in Nassau Co.  
Queens Co., Kings Co.  
Commission Expires March 30, 1995

LICENSE AGREEMENT made as of the            day of June, 1984, by and between KUTSHER'S COUNTRY CLUB, INC., a New York corporation with offices at Kutsher's Country Club, Monticello, New York 12701 (hereinafter called "Kutsher's"), and K & K ASSOCIATES, a general partnership organized and existing under the laws of the State of New York and having its principal place of business c/o Kutsher's Country Club, Monticello, New York 12701 (hereinafter called "K & K").

WHEREAS, K & K is presently constructing approximately 150 homes in a complex to be known as Hidden Ridge at Kutsher's Country Club (hereinafter called "Hidden Ridge"), in the Town of Thompson, Sullivan County, New York, pursuant to the terms of a certain Offering Plan filed by K & K with the Attorney General of the State of New York on or about May 31, 1984, (hereinafter called the "Offering Plan"); and

WHEREAS, all purchasers of homes at Hidden Ridge shall be required to be members of the Home Owners Association, a New York Not-for-Profit Corporation, known as Hidden Ridge at Kutsher's Country Club Home Owners Association, Inc. (hereinafter called the "Home Owners Association"); and

WHEREAS, Kutsher's has agreed to permit the home owners at Hidden Ridge to buy annual home owner membership for the use of certain facilities located at Kutsher's pursuant to and in accordance with the terms of this Agreement, subject to

each such home owner entering into a Contract with Kutsher's in the form attached hereto as Exhibit "A"; and

K & K is entering into this Agreement on behalf of the Home Owners Association and shall assign all its rights under this Agreement to the Home Owners Association when the Offering Plan is declared effective;

NOW, THEREFORE, the parties intending to be legally bound agree as follows:

1. Guest Membership - Kutsher's agrees to permit all home owners at Hidden Ridge to purchase annual home owner membership at Kutsher's, such annual home owner membership will allow any such home owner to enter into the premises and use certain facilities of Kutsher's, subject to availability, with the exception of the dining room facilities, sleeping accommodations, day care program and teen program, in the same manner that such facilities are used by hotel patrons at Kutsher's, all as more fully and specifically set forth in the Contract attached hereto as Exhibit "A".

2. Purchase of Annual Home Owner Membership - Home owners may purchase an annual home owner membership on a full year basis, commencing on April 1 of each year, without offset, except that a home owner who closes title after April 1, may purchase annual home owner membership at the time of the closing of title, and will be required to pay for membership at such time, prorated to the next April 1.

3. Membership Fees - Kutsher's agrees to charge a home owner at Hidden Ridge the following annual fees for the cost of annual home owner membership:

(a) \$1,000 per adult for each of the first two (2) adults per home;

(b) \$600 per adult for each additional adult home owner per home; and

(c) \$300 for each child of an adult home owner (an individual under the age of eighteen (18)).

The aforesaid rate shall remain unchanged for a period expiring on the April 1 nearest to the period expiring one (1) year after the closing of title to the first home at Hidden Ridge. Thereafter, Kutsher's shall have the right to increase such fees by not more than ten (10%) percent per year. Annual home owner members' guests shall be permitted to purchase guest passes in accordance with and pursuant to the provisions of the Contract attached hereto as Exhibit "A".

4. Term of Agreement - The Agreement is for a period of ninety-nine (99) years commencing from and only upon the closing of title to the first home at Hidden Ridge, provided, however, that in the event the facilities of Kutsher's are no longer principally used for the operation of a hotel, then this Agreement shall immediately terminate.

5. Type of Facilities - Kutsher's makes no representation as to the type or quality of facilities which are

presently available, or if presently available, whether same will be available in the future.

6. Additional Fees - In addition to the fees set forth in Paragraph 3 of this Agreement, annual home owner members and their guests will be required to pay the same posted fees paid by Kutsher's hotel patrons for use of certain facilities, including but not limited to, the golf course, paddle boats, indoor tennis courts and ski equipment. In addition, the guest rate does not include the cost of the nightly show, if any.

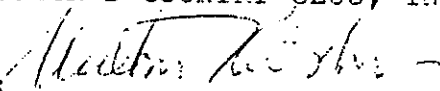
7. Assignment - This Agreement is entered into with K & K with the understanding that all of K & K rights under this Agreement shall be assigned to the Home Owners Association upon the Offering Plan being declared effective. This Agreement may not be assigned by K & K to any other individuals nor by the Home Owners Association except that each home owner at Hidden Ridge shall have the right to enter into a Contract for the use of Kutsher's facilities in accordance and pursuant with the provisions of Exhibit "A" attached hereto and subject to the terms and conditions of this Agreement. Kutsher's reserves the right, in its sole discretion, to modify any of the provisions of Exhibit "A", so long as such modification does not prohibit the right of a home owner to purchase an annual home owner membership, unless otherwise permitted under this Agreement or Exhibit "A".

8. Transfer of Membership - Home Owners may transfer and assign their membership for the balance of any year, or any part thereof, in accordance with the rules and regulations set forth on Exhibit A attached hereto. Kutsher's reserves the right in its sole discretion to reasonably modify any of the provisions of Exhibit A, so long as such modification does not prohibit the right of a home owner to transfer said membership either on a temporary or permanent basis and without limitation as to the number of times said membership may be transferred within any one year.

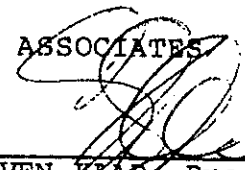
9. Entire Agreement - This Agreement may not be changed other than by a writing executed by both parties thereto.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals as of the day and year first above written.

KUTSHER'S COUNTRY CLUB, INC.

By:   
MILTON KUTSHER, President

K & K ASSOCIATES

By:   
STEVEN KLAR, President of  
Klar Development Corp.,  
a General Partner



AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 198 by and between KUTSHER'S COUNTRY CLUB, INC., (hereinafter called the "Seller") and the undersigned a home owner of Hidden Ridge at Kutsher's Country Club (hereinafter called the "Buyer"); 1.

Sale of Annual Home Owner Membership. Seller agrees and does hereby sell and Buyer, a home owner at Hidden Ridge at Kutsher's Country Club (hereinafter called "Hidden Ridge") hereby agrees to and does hereby purchase an annual home owner membership on the terms and conditions hereinafter set forth, being the right to enter into the premises and use certain facilities of the Seller, as set forth herein, in the same manner as such facilities are used by hotel patrons of Seller.

2. Facilities. Annual home owner membership shall entitle the home owner member to the use of the facilities of Seller and to enter into the premises or other similar substitute facilities, at any and all times such facilities are regularly open for business, subject to availability, except that annual home owner membership shall not entitle the home owner member to use the sleeping accommodations, dining room facilities, day care program or teen program of Seller.

3. Membership Fee and Number of Members.

(a) (i) \_\_\_ adult members (\$1,000 for each of

the first two adult home owners per home and \$600 for each additional adult home owner per home;

(ii) \_\_\_ children - \$300 for each child of an adult home owner member under 18).

Subtotal \_\_\_\_\_

Sales Tax \_\_\_\_\_

Total \_\_\_\_\_

(b) Annual home owner members (or their guests as permitted in Paragraph 5C) will be required to pay additional fees over and above the annual home owner membership fee set forth in Paragraph 3A in the event they use any facilities of Seller's which are facilities which require hotel patrons of Seller to pay a posted fee, i.e., if they are free to hotel patrons, there would be no charge for the use of such facilities, however, if hotel patrons are charged for that activity, then a member would be charged the same fee. Such facilities include, but are not limited to, the golf course, paddle boats, indoor tennis courts and ski equipment.

#### 4. Purchase of Annual Home Owner Membership.

Annual home owner membership is purchased on a full year basis, on April 1 of each year until March 31 of the next year, without offset, except that a home owner who closes title after April 1, may purchase annual home owner membership at the time of closing of title, and will be required to pay

for such membership on said date, prorated to the next April 1.

5. Rules and Regulations. This Agreement is subject to the rules, regulations and conditions hereinafter set forth.

(a) Cancellation. This Agreement may be cancelled by Seller at any time when the facilities are no longer operated principally as a hotel.

(b) All Home Owner Members Must Show Membership Cards Each Visit. Annual home owner membership cards are solely and exclusively for the use of the annual home owner member and must be presented each time the member visits the facilities. Annual home owner membership cards are not transferrable (except as outlined hereafter in Paragraph 6.) If the card is presented by a non-member, the card will be confiscated. Any person involved in the unlawful use of an annual home owner membership card will be prosecuted to the full extent of the law. The Seller assumes no responsibility for loss or stolen membership cards and will require a service charge of \$5.00 for the issuance of the first replacement. Additional replacement membership cards will increase by \$5.00 per card. Home owner members delinquent in payment of any fees to the Seller may be barred from the use of the facilities until such delinquencies are corrected.

(c) Guest Privileges. Annual home owner members, notwithstanding the number of annual home owner members in such home (unit), shall only be permitted to bring up to two (2) adult guests at a time, at a charge of either \$20.00 per day visit, which visit shall be for a twenty four (24) hour period, or \$50 per weekend visit, but may not bring the same guest more than eight (8) days (this amount is subject to change at Seller's discretion). For the purposes of this Agreement, a weekend shall be considered two and one half (2-1/2) days. Guests must register at the reception desk. Annual home owner members, for a charge of \$8.00 per child, may also bring two (2) children (per home) as guests provided the children are accompanied by a home owner member at all times during such visit. Management reserves the right to cancel this privilege at any time. Guests must assume full responsibility for their own safety while visiting. All guests are under the supervision of our staff. Guests shall have all privileges of annual home owner members except that the guest rate does not include the cost of the nightly show, if any.

(d) Attire Needed. The attire of members using the facilities must be of the same standard applied to hotel patrons of Seller.

(e) Changes in Rules and Regulations. Member has been informed and acknowledges that Seller reserves the right to make reasonable rules and regulations for the operation of its facilities and governing annual home owner membership therein, and that Seller further reserves the right to change such rules and regulations without notice from time to time at its sole discretion. Such rules and regulations include but are not limited to those set forth above and include the right of the Seller to bar a member from the use of Seller's facilities and to terminate such person's membership if such person's membership is not in the best interest of the Seller and its hotel patrons, in the exercise of Seller's reasonable discretion, in which event, the member shall have no further right to use the facilities of Kutsher's or to become a member in any subsequent year despite being a home owner at Hidden Ridge. In such event the member will be reimbursed for his membership fee the rate of \$50 for each month remaining until the next April 1.

(f) Hold Harmless. With regard to the use of the facilities, annual home owner member has been informed and acknowledges that the Seller has made no claims or representations as to the type or quality of Seller's facilities, or if presently available whether same will be available in the future. Annual home owner members, their children and guests, recognize that their use of Seller's facilities are at their

own risk and agree to indemnify and hold Seller, its employees and agents harmless from and against all liability and loss arising out of the use of Seller's facilities.

(g) Entire Agreement. Annual home owner member acknowledges that this Agreement constitutes the entire understanding with Seller except as provided for under the Agreement between Seller and K & K Associates, dated June \_\_, 1984, granting home owners at Hidden Ridge the right to use the Seller's facilities as an annual home owner member (hereinafter called the "K & K Agreement"). This Agreement may be changed only by a writing executed by each party. Seller has made no representation other than those expressly contained herein. If Seller is unable to so perform its duties under this Agreement, then Seller's sole responsibility to return the balance due for the remainder of the year on a pro rata basis.

6. Annual Home Owner Member's Right to Assign.

Annual home owner member will not sell, assign or transfer this Agreement or its annual home owner membership or any other right or privilege herein contained except that (1) in the event that annual home owner sells its home, the annual home owner membership, and all other rights hereunder, may be assigned to the purchaser of such home, or (2) an annual home owner member may transfer his membership for the balance of

the current annual membership period only or one or more parts thereof, provided the following conditions have been met:

(a) The annual home owner member shall pay a \$20.00 transfer fee;

(b) The annual home owner member shall relinquish the unexpired I.D. card and its copy of this Agreement;

(c) The annual home owner member shall authorize transfer of membership in writing;

(d) No transfer may be effective unless the annual home owner membership fee has been paid.

7. Loss or Theft of Personal Property. Seller shall not be responsible for the disappearance, loss or theft, of or damage to the personal property of an annual home owner member, or their guest, including money, negotiable securities or jewelry.

8. Facilities May Be Closed. The Seller may, at its sole option, close any one or more of its facilities, either temporarily or permanently, for repair, maintenance or otherwise, without any diminution in the annual home owner membership fee.

9. Separability If Part of Agreement Is Void. If any part of this Agreement shall be held void or unenforceable, the remaining parts shall continue in full and effect.

10. Renewal. An annual home owner shall have the right to renew annual home owner membership for the use of Seller's facilities except as expressly provided for herein or under the K & K Agreement.

11. One Agreement Per Home. Annual home owner membership shall be purchased on the basis of one membership per home and shall entitle all home owners of such home to purchase annual home owner membership pursuant to and in accordance with the terms of this Agreement.

\_\_\_\_\_  
KUTSHER'S COUNTRY CLUB, INC.

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER



Amendment No. 1  
Dated April 16, 1985

HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION, INC.

I. The Sponsor recorded the Declaration of Covenants, Restrictions, Easements, Charges and Liens in the Sullivan County Clerk's Office on April 11, 1985 in Liber 1164 page 51. On such date Purchase Agreements had been entered into for more than 15% of the homes. The Plan is therefore effective.

II. The Subdivision Map of the Development was filed in the Sullivan County Clerk's Office on April 11, 1985 as Plat #4/5-1 and 2. The metes and bounds description of the property is set forth as Schedule A annexed hereto.

III. The paragraphs entitled "Utilities" at page 9 and "Sewage" at page 10 of the Plan are amended to the extent that the Cristal Water Supply Corp. and the Old Liberty Sewer Company are presently in the process of expanding the water supply system and sewage plant owned by such companies. All approvals for such work have been received from the requisite agencies and it is contemplated that all such work will be completed by the end of June 1985. Only the closings of title to the first 75 homes in the Development will occur until such expansion work is completed.

IV. This Plan may be used for six (6) months from the date this Amendment is duly accepted for filing and thereafter said date is to be extended in a further Amendment to be filed.

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

K & K ASSOCIATES  
Sponsor

SCHEDULE A - Description

Title No. 8403-293553  
Amended 09/26/84

ALL that tract or parcel of land situate in the Town of Thompson, County of Sullivan, and State of New York and being a portion of the premises conveyed to Alexander Chicko, Jr. and Mary Chicko and described in deed Liber 392 at page 488 recorded in the Sullivan County Clerk's Office and also being a portion of Lot #6 and Lot #7 in division Lot #28 of Great Lot #1 of the Hardenburgh Patent and more particularly bounded and described as follows:

BEGINNING at a point in the approximate center of travelled way of Old Liberty Road (County Road #107) at the southwesterly corner of lands of Sassy Realty Inc. (Deed Liber 734, Page 451) said point being in range with a stone wall on the easterly side of said road and running thence from said point of beginning generally along the center of travelled way of said Old Liberty Road the following eight (8) courses and distances:

- 1) North 17 degrees 44 minutes East, 205.75 feet;
- 2) North 14 degrees 32 minutes East, 124.00 feet;
- 3) North 7 degrees 04 minutes East, 73.72 feet;
- 4) North 1 degree 06 minutes West, 47.17 feet;
- 5) North 5 degrees 11 minutes West, 57.25 feet;
- 6) North 11 degrees 07 minutes West, 95.03 feet;
- 7) North 16 degrees 39 minutes West, 499.89 feet;
- 8) North 7 degrees 20 minutes West, 131.86 feet to a point therein in range with a stone wall on the easterly and westerly side of said Old Liberty Road on the southerly bounds of lands of Stafford (Deed Liber 695, Page 114);

THENCE RUNNING North 67 degrees 20 minutes West, 872.12 feet along the southerly bounds of said lands of Stafford as evidenced by said stone wall to a point on the southerly bounds thereof at the northeasterly corner of lands of Sciroco Corp. (Deed Liber 702, Page 1140);

THENCE RUNNING South 18 degrees 44 minutes West, 1763.35 feet along the easterly bounds of said lands of Sciroco Corp. as evidenced by a stone wall part of the way and wire fence part of the way to a point in the approximate center of travelled way of Friedman Road (Town Road #58), said point being in range with a stone wall on the southerly side of said road;

THENCE RUNNING generally along the center of travelled way of said Friedman Road the following five (5) courses and distances:

- 1) South 60 degrees 11 minutes East, 596.40 feet;
- 2) South 63 degrees 23 minutes East, 136.27 feet;
- 3) South 62 degrees 07 minutes East, 242.98 feet;
- 4) South 72 degrees 10 minutes East, 120.04 feet; and
- 5) South 74 degrees 09 minutes East, 255.43 feet to the point of intersection of the approximate center of travelled way of said Friedman Road with the approximate center of travelled way of said Old Liberty Road;

CONTINUED

SCHEDULE A - Description

Title No. 8403-293553 - continued - page 2  
Amended 09/26/84

THENCE RUNNING North 18 degrees 27 minutes East, 754.00 feet along the said approximate center of Old Liberty Road to the point or place of beginning;

EXCEPTING THEREFROM a 2.00 acre parcel of land bounded and described as follows:

BEGINNING at an iron on the approximate westerly bounds of Old Liberty Road (County Road #107) said point being South 18 degrees 27 minutes West, 521.42 feet and North 71 degrees 33 minutes West, 25.00 feet from the point of beginning of the above described parcel of land (said point of beginning being a point in the approximate center of said Old Liberty Road at the southwesterly corner of lands of Sassy Realty Inc. (Deed Liber 734, Page 451) in the approximate center of travelled way of said road on a projection of a stone wall on the easterly side of road) and;

RUNNING THENCE from said point of beginning, North 74 degrees 09 minutes West, 230.91 feet, North 72 degrees 10 minutes West, 117.77 feet; and North 62 degrees 07 minutes West 70.07 feet to an iron pin set;

THENCE RUNNING South 18 degrees 27 minutes West, 208.71 feet to an iron pin set on the approximate northerly bounds of Friedman Road (Town Road #58);

THENCE RUNNING South 62 degrees 07 minutes East, 70.07 feet, South 72 degrees 10 minutes East, 117.77 feet; and South 74 degrees 09 minutes East, 230.91 feet to an iron pin set at the intersection of the approximate northerly bounds of said Friedman Road with the approximate westerly bounds of said Old Liberty Road;

TENCE RUNNING North 18 degrees 27 minutes East, 208.71 feet along the approximate westerly bounds of said Old Liberty Road to the point or place of beginning containing 2.00 acres of land to be the same more or less.

ALSO EXCEPTING THEREFROM all the land lying between the southerly and easterly bounds of the above described 2.00 acre parcel of land and the center line of travelled way of Friedman Road (Town Road #58) and Old Liberty Road (County Road #107).

BEARINGS are as the magnetic needle pointed in December of 1979.

AMENDMENT No. 2

To the Offering Plan

HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
HOME OWNERS ASSOCIATION

Dated: November 11, 1985

This Offering Plan was previously amended on April 16, 1985 (Amendment No. 1). The Offering Plan is further amended as follows:

- I. Effective October 1, 1985, water charges for both the homes and the common area will be billed to the Association and will be a common expense. Annexed hereto as Exhibit "A" is a copy of the revised Association budget reflecting the common water charges for the homes.
- II. This Plan may be used for six (6) months from the date this Amendment is duly accepted for filing and thereafter said date is to be extended in a further Amendment to be filed.

Other than as set forth above there are no other material changes that require an Amendment to the Offering Plan.

K & K ASSOCIATES  
Sponsor

PROJECTED BUDGET FOR THE FIRST YEAR OF OPERATION OF  
 HIDDEN RIDGE AT KUTSHER'S COUNTRY CLUB  
 HOME OWNERS ASSOCIATION, INC.  
 BEGINNING July 1, 1985

INCOME

Maintenance Charges (\$820.98 per home  
 per year payable monthly  
 based on 150 homes) \$123,147

EXPENSES

Utility - Electric (1)	\$ 3,500
Water/Sewer (2)	36,350
Road Maintenance	5,000
Landscape Maintenance (3)	20,000
Pool Maintenance (4)	3,000
Lifeguards (5)	5,000
Office Expense (6)	3,000
Snow Plowing (7)	7,500
Taxes (8)	-0-
Legal and Accounting (9)	2,500
Insurance (10)	2,000
Refuse Removal (11)	4,050
Franchise Tax (12)	295
Sales Tax (13)	952
Managing Agent (14)	27,000
Reserve for Contingencies	<u>3,000</u>

TOTAL \$123,147

ESTIMATED ANNUAL COST PER MEMBER - \$820.98  
 ESTIMATED MONTHLY COST PER MEMBER - \$ 68.42

\*In the event the estimated first year differs from the actual commencement of the budget year by six (6) months or more, Sponsor will amend the Plan to include a revised budget. See explanatory footnotes at page 4. 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.

EXPLANATORY FOOTNOTES

1. Utility/Electric -- The electricity charges included are for site lighting and the pool filter, and bath house lighting for the three month summer period. They are based on estimates set forth in a May 18, 1984 letter from Eustance & Horowitz, Consulting Engineers, plus an inflation factor in excess of 50%. Each owner will be responsible for all electricity used in his own home.
2. Water/Sewer -- The water charge includes water used in the bath house and swimming pool (estimated 60,000 gallons @ \$50 per quarter for the first 22,000 gallons and \$1.30 per 1,000 gallons for the balance) and sewer charge for the three month swimming season. This estimate is based on a letter from Eustance & Horowitz, Consulting Engineers, dated May 18, 1984, plus an inflation factor of 10%. Sewer charges for each home will be an individual expense of each Home Owner. \*\*
3. Landscape Maintenance -- Provides for a lawn maintenance program for the Association based on estimate dated May 17, 1984 received from CMS, Community Management Services, Inc., Commack, New York. The program includes all the Spring and Fall clean-ups, chemical work - such as fertilization, weed killers and crab grass pre-emergent, lawn cutting, edging and trimming as required.
4. Pool Maintenance -- Provides for in-season chemical cost as well as opening and closing expense. Based on estimate dated May 17, 1984 received from Community Management Services, Inc., Commack, New York.
5. Lifeguards -- Provides for estimated cost for a lifeguard at approximately \$5.00 per hour for a 40 hour week for 12 weeks. Includes fringe benefits plus a contingency fund. Based on estimate dated May 17, 1984 received from Community Management Services, Inc., Commack, New York.
6. Office Expense -- This charge provides for the purchase of stationery, stamps, printing, etc.
7. Snow Plowing -- This charge provides for the plowing of the HOA's roadways for all snowfalls in excess of three inches. Home Owners will be responsible for snow plowing of the walks on their own lots. It is based on an estimate from Community Management Services, Inc., Commack, New York, by letter dated May 17, 1984 plus a contingency.

\*\* Water to the individual homes is a common expense of all homeowners and is paid to the water company at the rate of \$20 per month per home through association assessments.

8. Taxes -- As discussed in a letter dated May 17, 1984 from the Assessor of the Town of Thompson, there will be no separate assessment of the Common Areas. The assessed value of the Common Areas will be reflected in the assessed valuation of the individual homes.
9. Legal & Accounting -- This charge provides for the preparation of an annual statement and a legal contingency fund.
10. Insurance -- This charge provides for insurance premium coverage on the Common Areas of the HOA. The areas covered are the pool house (\$10,000) which will be written with a replacement cost endorsement. Also included is a \$1,000,000 liability coverage. Based on estimate received from K & C Agency, Inc./Wicke Lowenfeld, Valley Stream, New York, dated April 27, 1984. Does not include fire and liability insurance for each home which is the personal obligation of each home owner. See page 16. The coverage does not include Directors or Officers liability insurance. If the Board of Directors elects to secure such coverage in the future, it is estimated that the premium for such coverage will be approximately \$500 per annum for \$500,000 of coverage.
11. Refuse Removal -- Provides for refuse removal from containers located in the Development three (3) times per week. Based on estimate dated May 15, 1984 received from D. V. Waste Control Corp., Goshen, New York.
12. Franchise Tax -- 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 page 7 for details.
13. Sales Tax -- Represents sales tax which may be due pursuant to Section 1105(F)(2) of the New York State Tax Law on that portion of the budget which is applicable to the recreational facilities of the Association (i.e., 7% of approximately \$13,600).
14. Managing Agent -- See page 19 for details concerning the three year Management Agreement to be entered into with K & K Management Company, an affiliated entity of Sponsor.

