
OFFERING PLAN

THIS PLAN RELATES SOLELY TO MEMBERSHIP IN
GUARD HILL HOMEOWNERS ASSOCIATION, INC.

AND TO THE DECLARATION
OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
APPLICABLE TO ALL 212 HOMES SOLD AT

GUARD HILL MANOR

Route 117
Mount Kisco, New York 10549

THE APPROXIMATE AMOUNT OF THIS OFFERING IS: \$530,000.00

(The cost of Common Properties and Facilities
are included in the Purchase Price of the Homes)

SPONSOR:

GUARD HILL
DEVELOPMENT CORPORATION
Route 6 & Simpson Road
Carmel, New York 10512

SELLING AGENT:

MARGARET T. AMBROSE
Licensed R. E. Broker
RFD #6, Route 22
Brewster, New York 10509

DATE OF THIS OFFERING PLAN: December 16, 1985

THIS PLAN MAY NOT BE USED AFTER December 15, 1986
UNLESS EXTENDED BY DULY FILED AMENDMENT

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS

THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO
SELL MEMBERSHIP INTERESTS IN THE HOMEOWNERS ASSOCIATION.
NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATER-
IAL 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 GOVERNMENTAL AGENCY HAS
APPROVED THIS OFFERING.

GUARD HILL
HOMEOWNERS ASSOCIATION, INC.

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SPECIAL RISKS OF THIS OFFERING

Sponsor may retain control of the Board of Directors until the fourth (4th) anniversary date of the recording of the Declaration of Covenants, Conditions, Restrictions and Easements, or until closing of title to the one hundred eighty-seventh (187th) Lot, whichever shall first occur. (See Article III, Section (1) of the Declaration).

So long as Sponsor or its designee owns at least twenty-five (25) Lots, as defined in the Declaration, but not longer than four (4) years after the date the Declaration is recorded, Sponsor shall also retain control over certain expenditures and fiscal actions of the Board of Directors (See By-Laws, Article XVII, Section 5).

No amendment to the Declaration or By-Laws of the Association shall have the effect of infringing upon or modifying any provision in the Declaration or By-Laws expressly reserving in the Sponsor any right or privilege for the benefit of Sponsor unless Sponsor consents in writing so long as Sponsor retains title to one (1) Lot (See Declaration, Article XII, Section 1; and By-Laws, Article XV, Section 1).

While the Sponsor is in control of the Board of Directors, the working capital fund may be used to reduce projected Association expenses (See "The Association" (B), Management and Operation of the Association, last paragraph).

INTRODUCTION

GUARD HILL DEVELOPMENT CORPORATION, a New York corporation (the "Sponsor" and the "Declarant"), is the owner of approximately sixty-eight point four (68.4) acres of land (the "Property"), located on the east side of North Bedford Road in the Village/Town of Mount Kisco (sometimes referred to herein as the Village of Mount Kisco), Westchester County, New York. The Sponsor acquired the Property in March, 1985 and intends to construct two hundred twelve (212) two-bedroom townhouses (the "Homes"), on two hundred twelve (212) lots (the "Lots"), in a development known as "Guard Hill Manor".

The Sponsor received Site Plan approval from the Village/Town of Mount Kisco on January 9, 1984 and a Site Plan was filed with the Village Clerk of the Town/Village of Mount Kisco on January 9, 1984. Subdivision approval was received on September 24, 1984 and the "Subdivision Plat of Wayside" (the "Subdivision Map"), was filed with the Westchester County Clerk's Office on January 29, 1985 as Map No. 21827 (see Exhibit E, Site Plan; and Exhibit F, Subdivision Map, annexed hereto). The Sponsor received all of the foregoing approvals under the name of Wayside. Subsequently, the Sponsor changed the name of the development to Guard Hill Manor. The Site Plan shows the location of the Homes, buildings, roads, pool, multi-purpose court, tennis court, and parking areas; and the Subdivision Map shows the approximate dimensions and location of each of the two hundred twelve (212) Lots.

The two hundred twelve (212) Homes will be constructed in forty-five (45) buildings varying in size from three (3) Homes to seven (7) Homes per building. Although attached, each individual owner (the "Owner"), will own the land under his Home and a small front and rear yard; while Owners on each end of the buildings will have an additional small side yard. The approximate size of each interior Lot varies from 22.42 feet to 60.72 feet in width by ninety (90) feet in length, and the end Lots will be approximately sixty (60) feet in width by ninety (90) feet in length. The variation in these dimensions is due to the different widths of the various models. Each purchaser of a Lot at Guard Hill Manor will obtain title in fee simple to his or her Lot subject to the Declaration of Covenants, Conditions, Restrictions and Easements (the "Declaration"). See the Declaration, Exhibit "A" annexed hereto. In

addition, see Exhibit I, Purchase Agreement, and Exhibit N, the Deed; both of which are annexed hereto.

Along with title to his or her individual Lot, a purchaser who becomes a record owner of a fee or undivided fee interest in any Lot at Guard Hill Manor automatically becomes a member ("Member"), of Guard Hill Homeowners Association, Inc., organized under the New York Not-For-Profit Corporation statute (the "Association"). The Association will own in fee all land outside the two hundred twelve (212) separate Lots wherein the Homes are to be constructed (the "Common Area"); which land area is approximately 53 acres. This Common Area includes all roads, parking areas, open space, pool, tennis and (2) multi-purpose courts. The roads will remain private and are not to be dedicated to the Village of Mount Kisco. The one tennis court, multipurpose courts, and the pool (see Exhibit K, Paragraph 13), will be completed by October 31, 1986 or earlier. The pool has a capacity of 52 people at any one time.

The Association will have a predetermined number of two hundred twelve (212) memberships which is the exact number of Lots that will be sold. All purchasers of Lots shall automatically become Members of the Association, and all future purchasers of Lots shall automatically become Members of the Association. The two hundred twelve (212) Homes to be built in conjunction with this Offering Plan will be offered in six different models with a variety of interior designs. Some will have walk-out basements depending upon the terrain. Only Lots with completed Homes will be offered for sale.

The Sponsor will deed the Common Area to the Association prior to the closing of title to the first Lot at Guard Hill Manor. A full description of the Common Area is set forth in Exhibit L, the Engineer's Report annexed hereto. Upon the recordation of the Declaration in the Westchester County Clerk's Office, the Common Area will have a value separate and apart from the Homes, of approximately \$530,000.00. For real estate purposes it has a projected assessment of \$1,754,000.00 which, at current tax rates in the Village and Town of Mount Kisco (including the rate for the 1985 State, County, and Village Tax, and the 1985/86 school tax) is \$92,000.00.

The mandatory nature of membership in the Association is set forth in the Declaration annexed hereto as Exhibit A; in the Purchase Agreement annexed hereto as Exhibit I; and the Deed annexed hereto as Exhibit N. A

summary of the Declaration is set forth in the Section of the Offering Plan entitled "THE ASSOCIATION".

Commencing with the recording of the Declaration, each 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 Area and that portion of the Property maintained by the Association. However, the Sponsor reserves the right not to collect these charges ("Association Charges"), until Sponsor relinquishes control of the Board of Directors (see Special Risks, Paragraph 1). When Sponsor does relinquish control and Association Charges are required to be paid, the Sponsor is responsible for said charges on any Lot it still owns at Guard Hill Manor. Sponsor may maintain control the Board of Directors for a period of four (4) years from the recording of the Declaration or until title to the 187th Lot passes, whichever occurs first.

The Association is responsible for snow plowing of the roadways and parking areas (including walkways leading to the front entrance of the Homes), Common Area landscape maintenance, maintenance of the sewer and water laterals, the pool, the multi-purpose court and the tennis court; as well as the exterior and roofs of the buildings (excluding exterior windows and doors), and maintenance of the yard for each Lot. In addition, the Association is responsible for other Common Area expenses including premiums for liability and property insurance covering the Common Area, and the creation of such reserves for contingencies as the Board of Directors of the Association may deem proper. The estimated charges for the first full year of operation of the Association are set forth in Schedule A.

The Association is responsible for procuring fire and liability insurance covering the Common Area but fire and liability insurance for each Home must be carried by the individual purchasers. The Board of Directors may require modification of such individual policies if the Board deems such amount to be inadequate (see Article XI of the Declaration). Purchasers will be required to pay monthly Association Charges, the first of which will be due thirty (30) days after the Board of Directors serves notice upon all Owners.

Some of the area adjacent to Guard Hill Manor is undeveloped. All of this land is zoned residential except for a three (3) acre parcel at the intersection of Bedford Road and Barker Street which is zoned O-1. This Zoning permits construction of an office building on this Site.

Joseph Cioccolanti, the principal of the Sponsor, owns a two and one-quarter acre residential lot on McLain Street, contiguous to Guard Hill Manor. Mr. Cioccolanti intends to construct a single family residence on this lot some time in the future. Other than this Lot, neither the Sponsor nor its principal owns in whole or in part or holds an option or right to acquire in whole or in part any adjoining areas which are not fully developed.

THE PRICE OF A LOT INCLUDES MEMBERSHIP IN THE ASSOCIATION. THE PRICES ARE SET BY THE SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

There are no limitations on who may purchase a Lot except the requirement that an individual purchaser must be at least eighteen (18) years of age.

There is no minimum number of Lots required to be sold before the Sponsor may commence transfer of title.

This Offering Plan relates solely to the rights and obligations of the purchasers as Members of the Association and as contained in the 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 in this Offering Plan all the terms of the offer concerning the Association. This 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 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 LOT ASSOCIATED WITH MANDATORY MEMBERSHIP IN A HOMEOWNERS ASSOCIATION HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES

YOU TO READ THIS OFFERING PLAN CAREFULLY
AND TO CONSULT WITH AN ATTORNEY BEFORE SIGN-
ING A PURCHASE AGREEMENT.

LOCATION AND AREA INFORMATION

(1) General

The Property is located on the eastern side of Route 117 in the Village of Mount Kisco, County of Westchester, State of New York. Route 117 is a two-lane state highway that connects the Village of Mount Kisco with Katonah and Chappaqua. The Property is between Barker Street and Brookside Avenue in Mount Kisco, and McLain Street in the Town of Bedford. It contains 68.4 acres of gently rolling woods and meadows. The Village of Mount Kisco has a population of approximately 8,500.

(2) Zoning

The Property consists of 68.4 acres. The entire tract is zoned R-O, which permits multi-family residential development at a density of 3.1 homes per acre. The Property is limited to 212 homes under the Zoning Ordinance of the Village of Mount Kisco.

The area surrounding the Property is zoned RRR and R-1 (one-family residence district), R-2 (two-family residence district), and O-1 (office district).

(3) Transportation

The Village of Mount Kisco is located approximately forty (40) miles from New York City. It is approximately twelve (12) miles from White Plains; four (4) miles from Katonah; four (4) miles from Chappaqua; four (4) miles from Bedford Village; seven (7) miles from Armonk; sixteen (16) miles from Stamford, Connecticut; and eighteen (18) miles from Brewster, New York. All of the above are approximate road miles.

The intersection of Route 172 and Route 684 is approximately 2.5 miles from the site. Route 684 is the main North/South highway in the area. The intersection of Route 133 and Saw Mill River Parkway is approximately six-tenths (.6) of a mile from the site. The Saw Mill River Parkway is also a primary road for North/South traffic. Both Route 684 and the Saw Mill River Parkway intersect with Route 287 in the White Plains area. The intersection of Route 117 and Route 35 is approximately five miles from the site. Route 35 is a main East/West highway for the area connecting with Route 100 in Somers.

A. Rail Transportation

The Harlem line of Metro-North Railroad provides commuter service to Grand Central Station in New York City from the Mount Kisco Station. The scheduled average commuting time is approximately fifty-five (55) minutes during the peak traveling hours. The Mount Kisco train station is approximately five-tenths (.5) of a mile from the site. The Harlem line has been recently electrified and is serviced by Metro-North's newest rail cars.

B. Bus Transportation

Bus transportation in the Mount Kisco area is extensive. The Westchester County Department of Transportation operates both the Mount Kisco Bus Company and the Chappaqua Bus Company. These lines provide service to White Plains, New York City and a host of local destinations. Mount Kisco has twenty-one (21) bus stops within the Village. The nearest stops to the site are within two-tenths (.2) of a mile and are located at Barker Street and Carpenter Avenue, and Route 117 and Jeff Figel Square. In addition, Vanguard Tours, Inc., a private firm, operates a commuter line to New York City from the Village. Typical travel time to New York City by bus is approximately sixty (60) minutes. Travel time to White Plains is approximately thirty (30) minutes.

C. Air Transportation

Air transportation to most locations is available at Westchester County Airport, eight (8) miles distant; and LaGuardia Airport, forty (40) miles distant.

(4) Utilities

The Property is served by public utilities. The Village of Mount Kisco provides municipal water and sewer service. In addition, the site will be served by underground electric and gas lines from Con Edison, telephone lines from New York Telephone Company, and cable television from Adams-Russell.

(5) Schools

A. West Patent Elementary School

(Bedford Central School District). Grades Kindergarten through fifth located on West Patent Road in Bedford, approximately one and one-half miles from the site.

B. Fox Lane Middle School

(Bedford Central School District). Grade sixth through eighth, located at the Fox Lane Campus, Bedford, New York, approximately three (3) miles from the site.

C. Fox Lane High School

(Bedford Central School District). Grade ninth through twelfth, located at the Fox Lane Campus, Bedford, New York, approximately three (3) miles from the site.

While the Sponsor has contacted the School District regarding the schools which will serve this site, no representations are made that children of the Homeowners Association will be entitled to attend any particular school.

D. Colleges and Universities

There are numerous colleges and universities serving the Westchester County region within thirty (30) miles of the site. They include, College of New Rochelle, Concordia College, Iona College, Kings College, Manhattanville College, Marymount College, Mercy College, Pace University, State University of New York at Purchase, and Westchester Community College.

E. Nursery/Preschools and Day Care Centers

Within the Mount Kisco area there are many preschool, nursery and day care services offered. They include: Boys' Club of Mount Kisco Cooperative Nursery School; The Little Pre-School of Mount Kisco (Unitarian Fellowship); Mother Gadson's Day Care Center (Mount Kisco); Mount Kisco Day Care Center (United Methodist Church); Rippowam Cisca School (Cisca Campus).

(5) Shopping

The Property is served by the following shopping facilities:

A. Bazaar Mall

Located approximately a quarter mile from the site is the enclosed Bazaar Mall. Included within its many shops and stores is a Waldbaum's Supermarket, the Silo, Rudolph's, Lindy's and many others.

B. Mount Kisco Central Business District

Located approximately one-half mile from the site are over one hundred (100) stores, specialty shops and restaurants serving the Mount Kisco, Bedford and Chappaqua area including such facilities as the Dansk Factory Outlet, Fox and Sutherland, Abel's Department Store and Mount Kisco Furniture.

C. Caldor's Shopping Center

Located approximately one-half mile from the site is a Caldor's Shopping Center, featuring Caldor's Vision World and Midas.

D. ShopRite Shopping Center

Located approximately three-quarters of a mile from the site is the ShopRite Shopping Center. The Center includes a ShopRite Supermarket and a number of variety stores.

E. Regional Shopping

In addition to the above listed local shopping facilities, there are numerous shopping facilities in White Plains, New York, approximately fourteen (14) miles from the site. White Plains has such stores as Macy's, Bloomingdale's, Sak's Fifth Avenue, Alexander's, Neiman Marcus, and the Galleria Shopping Center.

(6) Police and Fire Fighting Facilities

Police and fire protection services are provided by the Village of Mount Kisco. The Mount Kisco Police Department consists of a twenty-four person force. The Mount Kisco Fire Department consists of approximately 235 volunteers who respond to calls. The Mount Kisco Fire Department is a volunteer fire department.

(7) Religious Facilities

Houses of worship of all major faiths are located within the radius of one mile from the site.

(8) Medical Facilities

Northern Westchester Hospital Center is located approximately three-quarters of a mile from the site. The Hospital Center has 244 beds. The Hospital is licensed by the State of New York.

(9) Recreational Facilities

The Village of Mount Kisco offers recreation programs for its residents. Leonard Park is a 105-acre facility given to the Village by Colonel William M. Leonard and the founders of the Readers' Digest Association, Mr. and Mrs. DeWitt Wallace. The park includes a swimming pool, four (4) tennis courts, two (2) platform tennis courts, three (3) baseball fields, basketball courts, a children's play area and picnic and walking areas. In addition, the Village has a Youth Center on Maple Avenue and a Senior Citizen Center on Carpenter Avenue which is presently being renovated and expanded. Also located within one and one-half miles of the site is the privately owned and operated Saw Mill River Tennis Club. The Club is open for paid membership for swimming, indoor and outdoor tennis, and a health and physical fitness facility. The Sponsor makes no representations that any of these recreational facilities will be available to the homeowners of Guard Hill Homeowners Association.

(10) Sanitation

The Property will be served by the Village of Mount Kisco Public Works Department. The cost for this service is included in each homeowner's property taxes.

(11) Snow Removal and Road Maintenance

The interior roads of the Property will be private and will be maintained, including snow plowing and repair, by the Association. The Homeowners will pay for these expenses as a part of the Association Charges.

SCHEDULE A
PROJECTED BUDGET
FOR
GUARD HILL HOMEOWNERS ASSOCIATION, INC.
FOR FIRST YEAR OF OPERATION - 2/1/86 TO 1/31/87

PROJECTED INCOME

Maintenance Charges:
(payable monthly based on
pro-rata payments by all
212 Lots @ \$125.00/Month) \$318,000.00

PROJECTED EXPENSES

101	Utilities	\$ 9,000.00
102	Repairs/Maintenance	16,000.00
103	Refuse/Removal	-0-
104	Recreational Facilities	9,000.00
105	Water	500.00
106	Landscape Maintenance of Common Area and Individual Lots	50,000.00
107	Snow Clearance	25,000.00
108	Insurance	10,600.00
109	Accounting	3,500.00
110	Legal	1,500.00
111	Taxes	92,200.00
112	Booster Pump	2,000.00
113	Management Fee	35,616.00
114	Contingencies	21,084.00
115	Reserve Fund	<u>15,000.00</u>
	TOTAL EXPENSES	<u>\$318,000.00</u>

THESE FIGURES RELATE SOLELY TO COMMON AREAS
AND FACILITIES OWNED AND OTHER AREAS MAINTAINED BY THE ASSOCIATION.

FOOTNOTES TO SCHEDULE A

Projected Income

This line item is based on each of the Lot Owners paying a pro-rata share of the Common Area charges; i.e., 212 Lot Owners each paying \$125.00 per month multiplied by twelve (12) months = \$318,000.00.

Projected Expenses

101 Utilities (Electricity): Based on furnishing approximately seventy (70) lights for the roadway which will be lit an average of twelve (12) hours per day. Also furnishing lighting for the pool facilities (including restrooms), electricity for pool pump motor and lighting on path to pool. Also includes electricity for a water booster pump. Costs furnished by Con Edison (including sales tax) and increased ten (10%) percent for estimated energy price increase. (See correspondence of Con Edison dated September 4, 1985, attached hereto).

102 Repairs/Maintenance: During the first year of operation there should be little maintenance required since most of the systems of the buildings that are the responsibility of the Association are under guarantee of the developer. This budget item includes incidental repairs and maintenance of the poolhouse (and its support system); retaining walls and drainage facilities; gateway and entrance walls; sanitary sewer line from main line to individual lot (except if necessitated by negligence of an Owner); street lighting; swimming pool and other site improvements; road maintenance; and roof and exterior surfaces of Homes except as mentioned below. Annual road maintenance consists of cleaning catch basins, repairing curbstones, and minor repairs, if any, to pavement for roadways, driveways and sidewalks. No major repair of roads and driveways is anticipated during the first year of operation since they shall have been installed in accordance with the specifications recommended by the Village of Mount Kisco. The areas of responsibility of the Association exclude certain items: the repair and maintenance of exterior doors (except painting), door openers and exterior glass shall be borne by Owners on an individual basis. (See correspondence of John H. Prentiss, P.E., dated October 21, 1985, attached hereto).

103 Refuse Removal: Rubbish will be picked up from site by the Public Works Department of the Village of

Mount Kisco. The cost of this service is included within local property taxes.

104 Recreational Facilities: For lifeguards, pool chemicals, and monitoring pool bathhouse, tennis court and the multi-purpose court, for safety and sanitation during a fifteen-week season. The estimate includes opening and closing the pool for the season. The pool and bathhouse shall be open seven days per week during the season. The Homeowners Association shall employ two lifeguards, each working separate days, eight hours per day, three and four days per week, respectively. They will be on lifeguard duty for seven hours of the eight hour day. The first hour of each day before opening the facility shall be spent on facility sanitation and monitoring the pool chemicals and pump filters. The lifeguards shall add chemicals to the pool as required during the sanitation and monitoring process. They will also be responsible for sanitation and tidiness of the bathhouse, the pool deck area, the tennis court and the multi-purpose court. Also included is the cost of the lifeguards' employee benefits, including social security, workers' compensation insurance, state and federal unemployment insurance, and disability insurance. These benefits will cost an additional 15.87% of the total salaries, including workers' compensation that shall be obtained from the State Insurance Fund at the minimum statutory rate. Pool chemicals for sanitation purposes will cost approximately \$500.00 for the season. (See correspondence of Charles Pieragostini, dated October 18, 1985, attached hereto).

105 Water: While it is projected that each Owner will pay his own water bill, water will still be required for the pool, pool area and the fire hydrants. The amount shown is based on filling the pool once during the season and replenishing water loss through use and evaporation. The water bill is based upon the current rates charged by the Village of Mount Kisco for 262,500 gallons consumed annually.

106 Landscape Maintenance of Common Areas and Individual Lots: Service will be supplied from April 1 to November 30. Service will include mowing and trimming of the lawns, pruning of shrubs, edging and clean up of shrub beds and walkways, sweeping and clean up including mechanical sweeping of road bed and driveways twice yearly, at \$5,000.00 per month plus sales tax. In addition, there will be a charge of \$5,000.00 per year plus sales tax for the following chemical treatments: fertilization (2 times); weed control (2 times); insect control (1 time), and dormant spray of newly planted trees and shrubs. (See correspondence of

Kevin Douchkoff, dated October 20, 1985, attached hereto).

107 Snow Clearance: Snow clearance will be done mechanically including plowing roadways, parking spaces, driveways and entrance to the property. All walkways to individual unit doors will be done by hand. Contractor will supply and spread sand and/or salt as required. (See correspondence of Kevin Douchkoff, dated October 20, 1985, attached hereto).

108 Insurance: Based on a quotation from The Roberts Agency, Inc. of Bloomfield, Connecticut dated October 14, 1985, coverage is limited to the Common Area only, as follows (see copy attached):

Comprehensive General Liability -
\$1,000,000 limit
Fire and Extended Coverage (pool and
utility building) - \$25,000 limit
Actual Replacement Cost Coverage

Directors' and Officers' liability insurance is not budgeted, but the estimated annual premium for \$1,000,000 of such coverage is between \$2,500 and \$3,500.

It is recommended that each Owner contact his own insurance representative to make sure that he is adequately insured for fire, contents and liability for his own Home and other areas which are not insured by the Home-owners Association.

109 Accounting: For preparation of a certified financial statement and necessary income tax returns for the first year of operation of the Association. (See correspondence of Anthony Kocot dated October 17, 1985, attached hereto).

110 Legal: Legal work is estimated by George J. Swander, P.C., preparer of the Offering Plan, at twelve (12) hours at \$125.00 per hour.

111 Taxes: It is estimated that real estate taxes will be assessed upon the Common Area and will be paid through Association Charges. Based upon the estimated assessment provided by the Village Assessor for the Village of Mount Kisco using the current tax rates for the Village, State, County, Town and school, the Home-owners Association will be taxed approximately \$91,900.00 per year. It is estimated that the Association will also have a franchise tax payable annually of \$300.00. (See correspondence from the Tax Assessor of

the Village of Mount Kisco dated August 20, 1985, attached hereto).

112 Booster Pump: The maintenance of the water booster pump is estimated to cost \$2,000. per year. this will cover periodic inspections and repairs by a firm that specializes in operating and maintaining this type of equipment. (See correspondence of John H. Prentiss, P.E., dated October 21, 1985, attached hereto).

113 Management Fee: The management fee is figured at \$14.00 per month per Home multiplied by 212 Homes, or \$2,968.00 per month multiplied by twelve (12) months, or \$35,616.00 per year. (See Management Agreement with Eagle River Management Corporation, attached hereto as Exhibit D).

114 Contingencies: Established for unforeseen items, permits, fees, etc. There is a New York State sales tax chargeable on maintenance charges attributable to recreational facilities. This item of the budget covers any such additional taxes. (Sales tax has been included in the Projected Expenses where paid to the supplier of goods or services). It is anticipated that the Homeowners Association will have a Resale Certificate. Therefore, the amount budgeted for sales tax excludes sales tax that might otherwise be payable. (See correspondence of John H. Prentiss, P.E. dated October 21, 1985, attached hereto).

115 Reserve Fund: A reserve fund has been established for future capital expenditures that are anticipated. These include repainting of all buildings within seven (7) to ten (10) years; repaving of the road beds and driveways within fifteen (15) years; reroofing of all buildings within twenty (20) to thirty (30) years. (See correspondence of John H. Prentiss, P.E. dated October 21, 1985, attached hereto).

In the opinion of the Sponsor, the projected receipts are adequate to meet the estimated expenses for the first year of operation commencing January 1, 1986. If the first closing to a unit does not occur on or before July 1, 1986, the Offering Plan will be amended to disclose then current budget projections. Should such amended projections exceed the original projections by twenty-five (25%) percent or more in the aggregate, purchasers will be offered a fifteen-day option to rescind their offer to purchase and have their deposit and interest, if any, refunded.

THE FOREGOING SCHEDULE IS NOT INTENDED AND
SHOULD NOT BE TAKEN AS A GUARANTEE OR WAR-

RANTY BY ANYONE THAT THE ANNUAL MAINTENANCE CHARGES OR OTHER INCOME OR EXPENSES FOR SUCH YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE HOMEOWNERS ASSOCIATION WILL BE AS SET FORTH IN SAID SCHEDULE, AND IT IS LIKELY THAT THE ACTUAL MAINTENANCE CHARGES AND OTHER ITEMS OF INCOME AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE.



Westchester Division
Consolidated Edison Company of New York, Inc.
210 Westchester Avenue, White Plains, N.Y. 10604

September 4, 1985

Re: Attorney General
Information

Mr. John N. Crary, General Manager
Guard Hill Development Corporation
Route 22, RFD 6
Brewster, NY 10509

Dear Mr. Crary:

The following is an estimate of consumption and cost for the three locations you requested:

1. Site Lights (Free Standing, Unmetered,
Controlled by a Photo Cell)
70 - site lighting posts and fixtures each with (3) 60 watt bulbs.
 - a. Service Classification No. 6
 - b. Estimated Annual Consumption - 53,676kwhr.
 - c. Estimated Annual Charge \$6,844.

2. Recreation Area (Metered, Operational from May 20 to September 10, 12 hours per day)
 - 2 - 150 watt spot lights
 - 2 - 100 watt incandescent bulbs
 - 1 - 52 gallon hot water heater, 240 volt heater with (2) 4500 watt coils
 - 1 - 3 horsepower, 30 amp, single phase pump
 - a. Service Classification No. 2 (summer billing)
 - b. Estimated annual consumption - 1,980kwhr.
 - c. Estimated annual charge - \$322

Mr. John N. Crary
Attorney General
Information

- 2 -

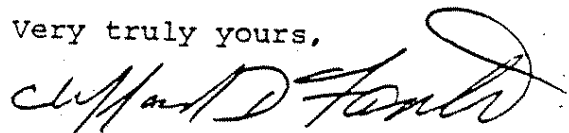
September 4, 1985

3. Booster Pump House (Metered, Operational
Year-round, 20%
of the Time)
- 2 - $1\frac{1}{2}$ horsepower, 230 volts,
single phase pumps
 - 1 - $\frac{1}{2}$ horsepower compressor
 - a. Service Classification No. 2
 - b. Estimated annual consumption -
6,048kwhr.
 - c. Estimated annual charge -
\$961

This estimate does not include the fuel adjustment charge (subject to constant change) and applicable taxes.

Thank you for giving us this opportunity to be of assistance.

Very truly yours,



Clifford Fantel
Commercial Service
Representative

sv

JOHN H. PRENTISS, P.E.
CONSULTING ENGINEER
RD 9 - FAIR STREET
CARMEL, N. Y. 10512

(914) 878-6170

October 21, 1985

Guard Hill Development Corporation
Route 22
Brewster, NY 10509

Attention: John Crary, Vice President and General Manager.

Re: Guard Hill Manor Homeowners' Association, Inc., North Bedford Rd.,
T. Mt. Kisco, C. Westchester, NY.

Dear sir:

Responsive your request I have investigated the probable cost of providing various services for the two hundred and twelve (212) unit Guard Hill Manor Homeowners' Association:

1. **Repairs-General Maintenance.** During the first year of operation there should be little maintenance required since most of the building systems, which are the responsibility of the Association, are under guarantee to the developer. This budget item includes incidental repairs and maintenance of the poolhouse (and its support system); retaining walls and drainage facilities; gateway and entrance walls; sanitary sewer line from main line, to individual lots (except if necessitated by negligence of Home Owner); street lighting; swimming pool and other site improvements; road maintenance; and roof and exterior surfaces of homes, except as mentioned below. Annual road maintenance consists of: cleaning catch basins, repairing curbs, and minor repairs (if any) to roadway pavements, driveways, and sidewalks. No major repair of roads and driveways is anticipated during the first year of operation since they shall have been installed in accordance with the specifications recommended by the Village of Mount Kisco.

Based upon my experience, I believe a budget of \$75.00 per unit (or \$15,900 for the complex) should be more than adequate to cover first year costs of this item.

2. **Water.** I estimate an annual use of water for common purposes (pool, outside faucets, etc.) of 300,000 gallons. Using the current Mount Kisco rates for water plus meter charges the annual charges for water will be approximately five hundred (\$500.00).

3. **Booster Pump.** (For Maintaining Water Pressure). Based on a duplex-alternating $1\frac{1}{2}$ horsepower pumps, which will be used approximately 20% of every day I estimate that bi-weekly routine inspection and repair services by plumber or electrician will cost \$150.00 per month.

JOHN H. PRENTISS, P. E.

PAGE: Two

DATE: October 21, 198

TO: Guard Hill Development Corporation
Route 22
Brewster, NY 10509

SUBJECT: Guard Hill Manor Homeowners

Attn: John Crary, Vice President and General Manager

4. **Contingencies.** Every budget should have a contingency item. I believe a contingency of between 5% and 8% of the budget should be sufficient to meet most unexpected expenditures.

5. **Reserve Fund.** I recommend a reserve fund of approximately \$75.00 per unit per year. Once the Association is established a capital plan should be proposed which takes into consideration repainting every seven to ten (7/10) years, repaving of roads and parking areas in approximately fifteen (15) years and reroofing within twenty (20) to thirty (30) years.

Should you have further questions, do not hesitate to call on me.

Respectfully submitted,

John H. Prentiss
John H. Prentiss, P.E.
cc: file



October 18, 1985

Mr. John Crary, Vice President and General Manager
Guard Hill Development Corporation
Route 22
Brewster, New York 10509

Dear Mr. Crary:

As per your request, I have investigated the costs of providing recreation services in the Mt. Kisco area in order to provide data on which a budget for a Homeowners Association could be based.

Recreational facilities

We estimate a 15 week season, 7 days per week, 8 hours per day (one hour a day will be spent on cleanup, chemical testing, etc.). Based upon our experience, we believe a salary of \$6.00 per hour will attract sufficient candidates to staff the facilities for the season. Salaries will, therefore, cost approximately \$5,040. Fringe benefits for social security, workers' compensation, unemployment insurance, and disability insurance will cost an additional 15.87% or \$800. To open and close the pool for the season will cost \$600 each or \$1,200 for the year. Based on the size of the pool, we estimate chemical costs at \$30 per week. Finally, we recommend a miscellaneous account for any unanticipated expenses of \$1,500.

Sincerely yours,

Charles Ringstine

Fully Insured

LAWN MAINTENANCE

YOU GROW IT — WE MOW IT

225-1880
Kevin Douchkoff

October 20, 1985

Mr. John Crary, Vice President and General Manager
Guard Hill Development Corporation
Route 22
Brewster, NY 10509

Dear Mr. Crary:

As per your request, I have reviewed the cost of providing landscape maintenance and snow clearance for the Guard Hill Manor Homeowner's Association.

Landscape Maintenance

Based upon our experience, we estimate seasonal costs at \$180 per unit to mow and trim the lawns, prune the shrubs, edge and clean shrub beds and walkways. The season will run from April 1 to November 30. In addition, provisions must be made for fertilization (2 times), weed control (2 times), insect control (1 time), and dormat spray of newly planted trees and shrubs. We estimate this will cost \$20 per unit per year.

Snow Clearance

We estimate that snow clearance costs for the plowing of all interior roads, parking lots and hand shoveling of all walkways plus appropriate sand and/or salt will cost approximately \$100 per unit per season.

Sincerely yours,



CANNISTRA, KOCOT, RAMSAY & MERKLE

CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH E. CANNISTRA, CPA
ANTHONY V. KOCOT, CPA

ALAN D. RAMSAY, CPA
GEORGE T. MERKLE, CPA

115 KISCO
MOUNT KISCO, NEW YORK 105
(914) 241-3605, 36

October 17, 1985

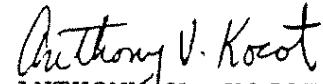
Mr. John Crary
Managing Agent
Eagle River Management Corporation
RFD 6, Route 22
Brewster, New York 10509

Dear Mr. Crary:

In response to your request for auditing and tax return filing services, I propose a fee of \$875. for the Williamsburg Ridge Homeowners Association and \$2,750. for the Guard Hill Manor Homeowners Association.

Should you have any questions, please contact us.

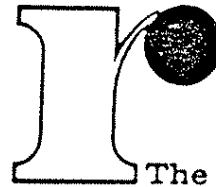
Very truly yours,


ANTHONY V. KOCOT

AVK:js

Insur-O-Gram

✓ Eagle River Land Company
○ Attn; David Ciccolanti
RD #6 Route #22
Brewster, New York 10509



The Roberts Agency, Inc.

31 TUNXIS AVE. P.O. BOX 805

BLOOMFIELD, CT 06002

TELE: 242-7726

SUBJECT: Guard Hill Homeowners Association, Inc.

DATE October 14, 1985

Dear David;

In follow-up of our telephone conversation you will find a sample policy for Guard Hill Manor Homeowners Association, Inc.

Please note that the policy will be written on an All risk basis (subject to normal exclusions) subject to a \$500.00 deductible.

The policy will contain agreed amount and replacement cost coverages as well. As for agreed amount, this simply means that there will not be any co-insurance in the event of a loss. Just a \$500.00 deductible. As for replacement cost coverage, losses will not be subject to depreciation.

Also, the policy will contain \$25,000 of Fidelity coverage. Should an increase in coverage be necessary, we can increase it at a later date.

Once the Homeowners have control of the association, they may request Directors and Officers liability. This can be added at a later date for a nominal charge.

In the meantime, should you have any questions or if we can be of any further service to you, please feel free to contact us.

Very truly yours,

William J. Frank

SIGNED



VILLAGE/TOWN OF MOUNT KISCO

WESTCHESTER COUNTY, NEW YORK

104 Main Street

Mount Kisco, New York 10549

August 20, 1985

Telephone
(914) 241-0500

John Crary, General Manager
Guard Hill Development Corp.
R.D.#6, Route #22
Brewster, New York 10509

Re: Wayside Development

Dear John:

Per our conversation of today concerning the land and improvement value of the Homeowners Association's common areas of the above development, please be advised the estimated values are as follows:

<u>Land</u>		
53.48 acres (includes blacktop and parking areas) @ 30,000 per	acre	= \$ 1,604,00
Improvements - swimming pool, tennis court and		
misc.		150,00
		\$ 1,754,00

Very truly yours,

John E. Walsh
John E. Walsh,
Consultant

JEW:jj

GEORGE J. SWANDER, P.C.

COUNSELOR AT LAW
ARGONNE ROAD, P.O. Box 379
BREWSTER, NEW YORK 10509

GEORGE J. SWANDER

914. 279.5184

October 18, 1985

Guard Hill Development Corporation
RFD #6, Route 22
Brewster, New York 10509

RE: Guard Hill Homeowners Association, Inc.
Village/Town of Mount Kisco, New York

Gentlemen:

This firm has participated in the preparation of and has reviewed the Offering Plan, the schedules and the exhibits and documents accompanying the Offering Plan and has examined such documents as have been deemed relevant and necessary, including the Declaration and By-Laws for the above-captioned Homeowners Association. The Declaration of Covenants, Conditions, Restrictions and Easements, when recorded in the Westchester County Clerk's Office, will be legal and valid. Persons or entities purchasing Lots at Guard Hill Manor will simultaneously become members of the Guard Hill Homeowners Association, Inc., (the "Association") and will automatically be bound by the obligations and assume such rights that membership entails.

Under present law it is this firm's opinion that members of the Association will not be allowed to deduct for Federal or New York State income tax purposes, any portion of their Association Charges.

The Association qualifies as a Management Association under Section 528 of the Internal Revenue Code, as same may be amended, if conditions cited in Subparagraph (A) through (E) herein are complied with; and the receipts that qualify thereunder as dues, fees and assessments will be Exempt Function Income and not taxable income.

(A) It must be organized and operated for Exempt Function Purposes, as defined below.

(B) At least sixty (60%) percent of its gross income for the taxable year must con-

GEORGE J. SWANDER, P.C.

sist of amounts received as membership dues, fees or assessments from members of the Association.

(C) At least ninety (90%) percent of its expenditures for the taxable year must be for Exempt Function Purposes.

(D) No part of its net earnings may inure to the benefit of any individual or member.

(E) Substantially all of the dwelling units must be used as residences.

"Exempt Function Income" is exempt from tax. This includes membership dues, fees and assessments for members/owners of Homes that are part of the Association. Non-exempt function income, which is subject to tax, includes interest earned on amounts set aside in a sinking fund for future improvements and amounts received from rental or lease of a Home owned by the Board of Directors.

"Exempt Function Purposes" means the acquisition, construction, management, maintenance and the care of the Association Property.

An Association is taxable at the regular corporate tax rates on its non-exempt function income. In determining its taxable income, the Association is allowed to deduct its expenses directly connected with the production of its taxable income. In addition, a specific \$100.00 deduction is provided which will permit an Association with only a minimal amount of taxable income to escape tax.

The Association will be subject to New York State Franchise Tax imposed on business corporations under Article 9-A of the New York Tax Statute, based upon its entire net income or upon such other basis as may be applicable. However, pursuant to an Advisory Opinion of the New York State Tax Commission (Petition No. C811207A of Cornhill Commons Homeowners Association, Inc., dated March 9, 1982), the provisions of Section 208(9) of the Tax Statute apply and the Association's net income for purposes of Article 9-A of the Tax Statute will be presumed to be the same as its Federal taxable income computed under Section 528(d) of the Internal Revenue Code.

Accordingly, an election to be classified as an organization described in Section 528 of the Code will

GEORGE J. SWANDER, P.C.

exempt from Federal and New York State income taxation all amounts received by the Association from the Lot Owners as assessments. The Association will be taxed, however, on any excess of income over expenses from unrelated sources. If it fails to qualify or to elect to be taxed under Section 528, it most likely could be subject to Federal and State tax on the income it receives from the members.

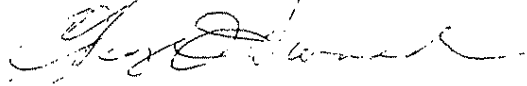
Under current New York statutes and decisional law, it is this firm's opinion that the Association will be liable for sales and use taxes for purchases relating to the common area and recreational facilities.

This firm has reviewed the plans and specifications, the site plan filed with the Village/Town of Mount Kisco, the subdivision map, and is familiar with the current Zoning Ordinance of the Village/Town of Mount Kisco. It is this firm's opinion that the Association property and the Lots sold in conjunction with the Association, if built in accordance with the aforesaid plans and specifications, will conform to the applicable Zoning Ordinances of the Village/Town of Mount Kisco.

This opinion is based on the present Federal, State and Local Statutes, Regulations, Rulings, Advisory Opinions and Decisional Law, solely in accordance with the documents referred to above. No warranties are made that the tax laws upon which this opinion is based will not change. In no event will the Sponsor, the Sponsor's Counsel, the Association, counsel to the Homeowners Association, the Selling Agent, or any other person be liable if by reason of future changes in fact or applicable law, regulation, decisional law or Internal Revenue Service rulings the tax status should cease to meet the requirements contained in this Opinion.

I hereby consent to the inclusion of this opinion letter, as submitted, in the Guard Hill Homeowners Association, Inc. Offering Plan.

Very truly yours,



George J. Swander

GJS/dsk

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

See Part II, Exhibit K

THE ASSOCIATION

(A) Declaration of Covenants, Conditions, Restrictions and Easements

Prior to the closing of title to any Lot on the the Subdivision Map, the Sponsor shall record the Declaration together with the By-Laws, in the office of the Clerk of the County of Westchester, Division of Land Records, (See Exhibits A and C).

The Sponsor organized the Guard Hill Homeowners Association, Inc., under the New York Not-For-Profit Corporation Law on May 29, 1984 (as same was amended October , 1985), for the purposes of owning and operating all the improvements comprising the Common Area and for maintenance of certain non-Common Area facilities. This will include the roads and drainage systems serving the Lots, the recreational facilities and facilities to include the lateral lines and pipes serving the Lots and Common Area, and the maintenance of the exterior siding, roofs, driveways and walkways of the Homes along with lawn maintenance and snow removal from the Lots.

Upon the sale and conveyance of a Lot by the Sponsor, the Purchaser thereof will automatically become a Member of the Association (such membership is included in the price of a Lot), subject to the Declaration, By-Laws and Rules and Regulations of the Association. Each subsequent Purchaser shall also automatically become a Member of the Association.

The Declaration gives each Member of the Association, his immediate family and guests, an easement in and to the Common Area and recreational facilities. The Declaration also provides for various easements in favor of the Association for utilities and, in the case of the Sponsor, the retention of easements necessary for the completion of construction and sale of 212 Lots in the Subdivision. This is the number of Lots that will be sold, no more and no less.

The Covenants, Conditions, Restrictions and Easements in the Declaration shall be for a period of fifty (50) years from the date the Declaration is recorded, and these shall be extended for ten (10) year periods unless sixty-six and two-thirds (66-2/3rds%) percent of the Owners agree to change them. Also, certain of the easements are perpetual (See Article XIV of the Declaration).

There are no restrictions as to who may become a Member of the Association as long as the person or entity purchasing a Lot is not in violation of any State or Federal Statute by contracting to purchase the Lot. However, there are certain restrictions that have been enacted for the benefit of the Lot Owners and these are found in the Declaration as follows:

(1) Architectural Control

(Article VII) - The Board of Directors is given veto power over any exterior changes to a Home or Lot.

(2) Restrictions on Use of Lots & Homes

(Article IX) - The Lots may only be used for single family residences as defined in the Village/Town of Mount Kisco Zoning Ordinance and no commercial, recreational vehicle, camper or boat may be kept on a Lot or on the Common Area.

If an Owner wishes to lease, convey, or mortgage his property he must have prior written consent of the Board of Directors, which consent may only be withheld if assessments levied against his Lot have not been paid.

There are restrictions on outdoor signs, antennae, clothes lines and storage.

At the time the Declaration is recorded, the mortgagee secured by a mortgage on the Common Area will either give a partial release of the mortgage for the Common Area or a subordination agreement, subordinating its mortgage to the Declaration. In addition, upon closing of title to any Lot, a partial release of any mortgage existing on that Lot shall be recorded with the Deed.

Each Owner shall be required to obtain and maintain adequate insurance covering his Home which shall insure the Home for its full replacement value, with no deductions for appreciation, against loss by fire and other casualty. If the Owner fails to so perform, the Board of Directors has the authority to obtain the required insurance and charge the cost of same to the particular Lot Owner (See Article XI of the Declaration).

There is no provision in the Declaration for the Sponsor to annex other real estate.

Any institutional mortgagee who takes title by deed in lieu of foreclosure or by foreclosure shall be relieved of any liability for assessment liens up to the time it takes title. Subsequently, it shall be responsible for all liens.

(B) Management and Operation
of The Association

The affairs of the Association shall be governed by a Board of Directors which shall consist of nine (9) persons (except during a period when the Sponsor is in control wherein the Board shall consist of three persons); each of whom must be an Owner except the original members of the Board of Directors shall be persons designated by the Sponsor, none of whom need be an Owner. The first Board of Directors appointed by the Sponsor are David Cioccolanti and Mark Cioccolanti, officers and principals of Sponsor; and John Crary, an officer of Sponsor. All Directors have a business address of Route 6 and Simpson Road, Carmel, New York 10512. The appointed individuals shall resign at the time of the first Annual Meeting to be replaced by the members elected thereat. This Meeting shall be held ten (10) days after the first Annual Meeting of the Members of the Association, and this Annual Meeting shall take place within thirty (30) days after the four-year anniversary date of recording of the Declaration or upon transfer of the one hundred eighty-seventh (187th) Lot to a purchaser, whichever first occurs.

At the first Annual Meeting of the Association the Members shall elect three (3) of the Directors for a term of one year; three (3) of the Directors for a term of two (2) years; and three (3) of the Directors for a term of three (3) years; and at each Annual Meeting thereafter, the Members shall elect Directors to replace those Directors whose terms have expired, each for a term of three (3) years.

Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

The officers shall be elected annually by the Board of Directors and shall hold office at the pleasure of said Board. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting

of the Board of Directors, or at any special meeting of the Board of Directors, called for such purpose.

The Association shall have one class of membership with each Lot Owner having one (1) vote. A vote of sixty-six and two-thirds (66-2/3rds) percent of the Members is required to amend the Declaration and the By-Laws. A majority vote of the Members is required for expenditures in excess of THIRTY THOUSAND (\$30,000.00) DOLLARS. The Board of Directors is authorized to expend sums under that amount.

The annual assessment provided for in the Declaration (Article V), shall commence as determined by the Board of Directors. These are determined once per year but there is a right of a special assessment if a need or situation arises, but this could only be for a repair or replacement of a capital improvement.

Unpaid assessments remain a lien on a Lot and remain a personal obligation of the Owner as well. If unpaid for a period of thirty (30) days, interest at the maximum rate allowed under the laws of the State of New York shall be due. If the Board initiates legal action to collect the unpaid assessment, costs and reasonable attorneys' fees along with the interest will be added to the assessment. The lien of the assessment shall be subordinate to the lien of the first mortgagee for charges accrued subsequent to the mortgage lien.

During any period when an Owner is delinquent in paying his Association Charges, his use of the recreational facilities may be suspended. He cannot, however, be barred from the Common Area facilities such as roads or utility services and in no event may voting rights be suspended for non-payment of assessments. In addition, the Board of Directors is given the power to establish penalties for any infraction of the published Rules and Regulations.

At closing, every purchaser of a Lot shall pay to the Association a non-refundable, working capital contribution of SEVEN HUNDRED FIFTY (\$750.00) DOLLARS. This amount, together with the continued collection of reserve funds as projected in the initial budget for the Association, is sufficient to cover foreseeable capital expenditures. While the Sponsor is in control of the Board of Directors the working capital fund may be used to reduce projected Association expenses.

NEITHER THE DEPARTMENT OF LAW
NOR ANY OTHER GOVERNMENTAL
AGENCY HAS PASSED UPON THE ADE-
QUACY OF THE FUND.

(C) Sponsor's Control

The Sponsor may, for a period of four (4) years from the date the Declaration is recorded or until title closes to the one hundred eighty-seventh (187th) Lot, elect or appoint all members of the Board of Directors. However, so long as Sponsor or its designee shall continue to own at least twenty-five (25) Lots as defined in the Declaration, but in no event later than four (4) years from the date the Declaration is recorded, the Board of Directors may not, without Sponsor's prior written consent: (1) make any addition, alteration or improvement to the Common Area; or (2) assess any Association Charges for the creation of, addition to, or replacement of, all or part of a reserve, contingency or surplus fund; or (3) enter into any service or maintenance contract for work not covered by contracts in existence on the date that the Declaration is recorded; or (4) borrow money on behalf of the Association; or (5) increase or decrease the services or maintenance set forth in the Projected Budget for the First Year of Operation of Guard Hill Manor; or (6) purchase any materials, equipment or other goods costing in excess of ONE THOUSAND (\$1,000.00) DOLLARS. Sponsor shall not use its control of the Board of Directors or veto powers to reduce the level of services described in the Offering Plan, or prevent capital repairs or prevent expenditures required to comply with applicable laws or regulations. While Sponsor is in control of the Board of Directors, no mortgage liens shall be placed on the Common Area after completion of construction without the consent of at least fifty-one (51%) percent of the Owners other than Sponsor or Sponsor's designee. While Sponsor is in control of the Board of Directors, certified financial statements shall be provided each year to Members at the Association's expense.

While Sponsor is the Owner of one (1) or more Lots, no amendments to the Declaration or By-Laws shall be effective if same would adversely affect any rights of the Sponsor. Sponsor shall be obligated for all known charges and special assessments for every Lot it owns, and agrees to pay said charges once these have been levied on one or more Owners who have closed title to a Lot. Sponsor further agrees to amend the Offering Plan if there is a change in the budget or if one year elapses since the last budget update.

LOCAL GOVERNMENT APPROVAL

Sponsor received site plan approval for the project on January 9, 1984. Subsequently, subdivision approval was received from the Village/Town of Mount Kisco Planning Board and a Subdivision Map entitled: "Subdivision Plat of Wayside" was filed with the Westchester County Clerk's Office, Division of Land Records, on January 29, 1985 as filed Map No. 21827 (see Exhibit "F", Part II).

OBLIGATIONS OF SPONSOR

The Sponsor intends to construct two hundred twelve (212) Homes on the Lots which will be served by municipal water and sewer facilities. This is the maximum number approved for the site by the Village/Town of Mount Kisco Planning Board. Construction of the project has begun and model Homes are on the site. The recreational facilities are expected to be completed not later than October 31, 1987 but in no event later than closing of title to the seventy-fifth (75th) Home pursuant to Planning Board approval. Construction of the entire project to include landscaping is expected to be completed sometime in the fall of 1988. Prior to the closing of title on the first Lot, the Declaration shall be recorded, and the Common Area will be deeded to the Association. It is expected that title to the first Lot will close sometime in January, 1986.

In March, 1985 Sponsor closed on a purchase and construction mortgage loan with Westchester Federal Savings Bank for a \$6.4 million loan. This funding commitment will enable the Sponsor to complete all the Common Area facilities, all site improvements, and the Homes. The Common Area will be released from the lien of any mortgage(s) before Sponsor conveys the first Home, or said liens shall be subordinate to the recorded Declaration; and prior to its conveyance to the Association. Landscaping shall be completed prior to the closing of title to the last Home or the following planting season. Sponsor's obligation to complete the construction of the Common Area survives its conveyance to the Association.

Sponsor shall complete the Common Area improvements in accordance with the Site Plan and the plans and specifications approved by the Village/Town of Mount Kisco. Sponsor reserves the right to substitute

equipment or materials and make modifications of design, provided, however, that Sponsor may not substitute equipment or materials of lesser quality or design. Sponsor has forwarded a Letter of Credit to the Village/Town of Mount Kisco in the amount of \$690,000.00 (which Letter of Credit has been accepted by said municipality), to secure its obligation to complete construction of the twelve-inch and eight-inch water distribution main lines to serve the entire development, the sewer mains to serve the entire development, and the fire pumping station in the development.

At the time of transfer of title to the Common Area by Sponsor to the Association, Sponsor shall furnish the Association with a fee title policy covering the lands comprising the Common Area. This fee policy of title insurance will be issued by Chicago Title Insurance Company or any other reputable title insurance company licensed to do business in the State of New York, and shall be in an amount of at least five hundred thirty thousand (\$530,000.00) dollars. Any proceeds of such title policy arising out of a claim of defective title pertaining to land being conveyed to the Association, shall be held for the benefit of and delivered to the Association.

Sponsor agrees to pay for the authorized and proper work involved in the construction, establishment and sale of all Association property that Sponsor is obligated to complete under the Offering Plan. Sponsor agrees to cause mechanics' liens, if any, 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.

Sponsor shall deliver a set of "as-built" plans of Common Area improvements to the Board of Directors, including specifications of roads, sanitary system and/or water lines, and shall represent that the plans or specifications are in substantial compliance with the terms of the Offering Plan. If not, the Plan will be amended and each Purchaser shall be offered a right of rescission.

The Lot Owner is assured of completion of those items of site work as per the Letter of Credit to the Village/Town of Mount Kisco. Sponsor has reserved an easement to complete construction of the Homes and the Common Area facilities in connection with the sale of Homes and Sponsor is obligated to repair any damage to

the Common Area caused by its construction. Sponsor shall not interfere with Members' use of the Common Area except as is reasonable in Sponsor's judgment. Any lien remaining on the Property after closing of title to the first Lot shall be subordinate to the Declaration.

Sponsor is obligated to pay Association Charges for every unsold Lot as set forth above in Section 6 of Article V of the Declaration.

Sponsor may be liquidated at any time after completion of the Common Area improvements, however, such liquidation shall not affect Sponsor's obligations under this Offering Plan.

PROCEDURE TO PURCHASE

A person desiring to purchase a Lot at Guard Hill Manor will be required to execute a Purchase Agreement in the form set forth as Exhibit I of the Offering Plan and to return it to Sponsor together with a check in the amount of ten (10%) percent of the total purchase price (and the cost of any extras or changes ordered). No Purchase Agreement may be entered into unless Purchaser has received a copy of the Offering Plan at least seventy-two (72) hours prior to the execution of the Purchase Agreement. The Purchase Agreement provides that the closing of title shall not be scheduled on less than ten (10) days' written notice to the Purchaser and that Purchaser shall have ten (10) days to cure any default under the Purchase Agreement.

TRUST FUNDS

Sponsor shall hold all monies received directly or through its agents or employees in trust until either the closing of title or, in the event of a default, until termination of said Purchase Agreement in accordance with the provisions as contained therein. Such funds shall be held in accordance with Section 71-a(3) of the Lien Law as trust funds pursuant to Section 352-h and Section 352-e(2)(b) of the General Business Law, in a special segregated escrow account entitled "Guard Hill Manor-Special" at Pawling Savings Bank, Brewster, New York. The signature of a member of the firm of George J. Swander, P.C. as attorney for the Sponsor, shall be required to withdraw any of such funds. Such funds shall be payable to Sponsor upon closing of title to the Lot covered by the Purchase Agreement and interest earned thereon, if any, shall be credited to the Purchaser. In the event of default by Purchaser under such Purchase Agreement, which default continues for ten (10) days after notice of such default from Sponsor to Purchaser, the down payment and interest earned thereon, if any, (plus the cost of any optional items ordered), may be released to Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other. In lieu of retaining monies paid by Purchaser hereunder in trust until closing, Sponsor may amend this Offering Plan to provide a bond to secure Purchaser's down payment. In such event, all such monies shall be released to Sponsor at such time

as the bond is obtained and a copy thereof is delivered to the firm of George J. Swander, P.C.

MANAGEMENT AGREEMENT
AND OTHER CONTRACTUAL ARRANGEMENTS

The Board of Directors shall enter into a contract with Eagle River Management Corporation to provide for management of the Common Area and other parts of the Property that are the Board of Directors' responsibility.

Said Agreement may be cancelled within ninety (90) days by either party. The Agent shall receive a fee of \$14.00 per Lot per month. The Agreement is not assignable (see Exhibit "D", Management Agreement). The Association is obligated to reimburse the expenses incurred or to indemnify the agent against any acts properly performed by it pursuant to the Agreement.

IDENTITY OF THE PARTIES

(A) Sponsor

The Sponsor, Guard Hill Development Corporation, is a New York corporation, with mailing address at Route 6 and Simpson Road, Carmel, New York 10512, and has had no prior offerings. Sponsor's shares are owned by Joseph Cioccolanti. Mr. Cioccolanti, who will be assisted by his sons, David and Mark Cioccolanti, and John Crary, has been engaged in the ownership, management (either through one of his corporations or individually) and development of residential buildings, single family homes and condominiums in Putnam County for over 25 years. Through his company, Turk Hill Realty, Inc., Mr. Cioccolanti has constructed a combination of 78 single family residences and 158 condominium units in Brewster, New York known as the Blackberry Hill Development. Blackberry Hill Village Condominium I was declared effective on or about December, 1976. The last unit in the development was in Blackberry Hill Village Condominium IV which was sold in the fall of 1981. Through another corporation, Eagle River Land Company, Ltd., Mr. Cioccolanti has constructed a three-phase, 150-unit condominium in Carmel, New York known as King's Grant. King's Grant Condominium I was declared effective in August, 1984 and all 53 Units have been sold and conveyed. King's Grant Condominium II was declared effective in March of 1985 and all 43 Units have been sold. King's Grant Condominium III was

declared effective in August, 1985 and all Units have been sold and are expected to be conveyed by the end of 1985 or early 1986. In addition, Mr. Cioccolanti's company, Baldwin Place Developers, Inc., is constructing Williamsburg Ridge in Mahopac, New York and the Offering Plan for the 89-Unit homeowners association was accepted for filing by the New York State Department of Law on November 15, 1985. Joseph Cioccolanti who is 59 years old, David Cioccolanti who is 31 years old, and Mark Cioccolanti who is 32 years old, were born in Brewster, New York and continue to reside in Putnam County. John Crary is 36 years old and resides in Westchester County.

(B) Selling Agent

Margaret T. Ambrose with offices in Brewster, New York has been a licensed real estate broker in New York for eight years and works in the Putnam and Westchester County area.

(C) Engineer

The project's engineer is Bibbo Associates, with offices at Croton Falls, New York 10519. The engineer has no financial interest in the Properties, the Sponsor, the Selling Agent or any party interested in this transaction except that he has been paid for his services.

(D) Management Company

Eagle River Management Corporation with offices at Route 6 and Simpson Road, Carmel, New York 10512, is a new corporation formed specifically to manage condominiums and homeowner associations. Mr. John Crary, Vice President and General Manager of Guard Hill Development Corporation is responsible for all supervision of the Eagle River Management Corporation. Mr. Crary has extensive experience in the management of public entities. For the past five years, he has served as the Village/Town Manager of the Village/Town of Mount Kisco, New York. Previously he served as the Village Manager of the Village of Liberty, New York, for four years. Mr. Crary holds a Bachelor's Degree in business management and a Master's Degree in public administration. In his capacity as Village Manager, Mr. Crary was responsible for overseeing the work of police, highway, sanitation, water, sewer, recreation and administrative departments.

(E) Attorneys for Sponsor

The law firm of George J. Swander, P.C. by George J. Swander, Esq., with mailing address Argonne Road, Post Office Box 379, Brewster, New York 10509 pre-

pared this Offering Plan and represents the Sponsor in the closings of title to the Lots.

REPORTS TO MEMBERS

All Members of the Association shall receive annually (within four months of the end of each fiscal year) at the expense of the Association, copies of a financial statement of the Association prepared by a public accountant and prior notice of the Annual Meeting of the Association. While Sponsor is in control of the Board of Directors, such statements must be certified.

DOCUMENTS ON FILE

Copies of this Offering Plan and Parts A, B, and C of the Exhibits filed with the New York State Department of Law and documents referred to herein shall be available for inspection and copying by prospective purchasers and by any person who has purchased an interest offered by this Offering Plan or who has otherwise participated in this Offering at Sponsor's office (see front cover), and shall remain available for such inspection for a period of six (6) years from the date of first closing.

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, the outcome of which may materially affect this Offering, the Property, Sponsor's capacity to perform all of its obligations under the Offering Plan, or the operation of the Association.

In accordance with the provisions of the laws of the State of New York, Sponsor represents that it will not discriminate against any person because of marital status, disability, race, sex, creed, color, sex, or national origin of ancestry, in the sale of Lots at Guard Hill Manor and in the simultaneous offering of memberships in the Association under this Offering Plan.

This Property is not the subject of any prior offering. As of the date of first presentation of this Plan, neither Sponsor nor any of its agents has raised funds from or made any preliminary agreement(s) with prospective Lot Owners. Non-binding reservations have not been entered into with any prospective purchaser.

This Plan may be amended at any time and from time to time. If the amendment is a material and substantial modification of the Plan which adversely affects a prospective Purchaser, then he shall be given not less than fifteen (15) days after a copy of the duly filed amendment is mailed or otherwise delivered to him to rescind the Purchase Agreement by written notice to Sponsor and to obtain a refund of the down payment made therewith. The down payment shall be returned within twenty (20) days of Sponsor's receipt of said notice of rescission with interest, if any.

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.

Ownership participation under this Offering Plan is offered only to persons who, if natural persons, must be over eighteen (18) years of age. Under no circumstances is this offering being made in any state or jurisdiction where unlawful.

EXHIBIT A

DECLARATION

OF

COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

ESTABLISHING A PLAN OF FEE OWNERSHIP THROUGH MEMBERSHIP IN A HOMEOWNERS ASSOCIATION, OF PREMISES LOCATED AT ROUTE 117, VILLAGE/TOWN OF MOUNT KISCO, WESTCHESTER COUNTY, NEW YORK, KNOWN AS

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

SPONSOR: GUARD HILL DEVELOPMENT CORPORATION
Route 6 and Simpson Road
Carmel, New York 10512

DATE OF
DECLARATION: _____

RECORD AND RETURN TO:

GEORGE J. SWANDER, P.C.
Attorney for Declarant
Argonne Road
Post Office Box 379
Brewster, New York 10509

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OF
DECLARATION
OF
GUARD HILL HOMEOWNERS ASSOCIATION, INC.

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DECLARATION
OF
COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
OF
GUARD HILL DEVELOPMENT CORPORATION

THIS DECLARATION, made on the date hereinafter set forth by GUARD HILL DEVELOPMENT CORPORATION, a New York corporation, with offices at Route 6 and Simpson Road, Carmel, New York 10512, hereinafter referred to as the "DECLARANT".

W I T N E S S E T H :

WHEREAS, DECLARANT is the owner of certain real property in the Village/Town of Mount Kisco, County of Westchester and State of New York, shown on the Subdivision Map entitled, "Subdivision Plat of Wayside", filed in the Westchester County Clerk's Office, Division of Land Records, on January 29, 1985 as Map No. 21827; and

WHEREAS, DECLARANT will convey the said real property subject to certain protective covenants, conditions, restrictions and easements as hereinafter set forth.

NOW, THEREFORE, DECLARANT hereby declares that all of the real property described above shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements; all of which are for the purpose of enhancing and protecting the property, and the desirability and attractiveness of the real property. These covenants, conditions, restrictions and easements (hereinafter referred to as "COVENANTS"), shall run with the real property and shall be binding upon all parties having or acquiring any right, title or interest in the described property or any part thereof, and shall inure to the benefit of each owner thereof. DECLARANT further declares that no lot of the aforescribed subdivision shall be transferred prior to the recording of this DECLARATION in

the Westchester County Clerk's Office, Division of Land Records.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to GUARD HILL HOMEOWNERS ASSOCIATION, INC., a New York Not-For-Profit Corporation, its successors and/or assigns.

Section 2. "Subdivision Map" shall mean and refer to the Subdivision Map entitled, "Subdivision Plat of Wayside", filed in the Westchester County Clerk's Office, Division of Land Records, on January 29, 1985 as Map No. 21827.

Section 3. "Properties" shall mean and refer to the certain real property shown on the Subdivision Map and such additions thereto as may thereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members of the Association and other than the individual lots as shown on the Subdivision Map.

Section 5. "Lot" shall mean and refer to the numbered plots of land shown on the Subdivision Map with the exception of the Common Area.

Section 6. "Home" shall mean and refer to a residential unit situated upon a Lot and attached to other Homes and forming a building.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Declarant" shall mean and refer to GUARD HILL DEVELOPMENT CORPORATION, for as long as it continues to own any part of the Properties, its successors, assigns and grantees.

Section 10. "Institutional Lender" shall mean and refer to a bank, savings and loan association, insurance company or mortgage corporation which holds a first mortgage on a Lot, together with the improvements thereon.

Section 11. "Board of Directors" shall mean and refer to the governing body of the Association.

ARTICLE II MEMBERSHIP

Section 1. Qualification. DECLARANT represents that it has heretofore caused the Association to be organized under the laws of the State of New York and every person or entity who is an Owner of a fee or undivided fee interest in any Lot which is subject to these COVENANTS and to assessment by the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership for each Lot owned. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE III VOTING RIGHTS

Section 1. Members Voting. Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article II. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, shall determine but in no event shall more than one (1) vote be cast with respect to any Lot.

Notwithstanding the above, as long as DECLARANT owns twenty-five (25) Lots or more, or for a period not to exceed four (4) years from the date the Declaration is recorded, whichever first occurs, only the DECLARANT may vote or appoint members of the Board of Directors.

ARTICLE IV PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment.
Every Member and his immediate family shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the transfer of title to every Lot, subject to the following provisions:

- A. The right of the Association to limit the number of guests of Members permitted to use the Common Area or recreational facilities;
- B. The right of the Association to permit non-members to use the Common Area and recreational facilities and to pass rules and regulations and amendments thereto, to control such use, including appropriate fees;
- C. The right of the Association, in accordance with its Certificate of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area and recreational facilities and in aid thereof, to mortgage said property; and the rights of such mortgagee in said property shall be subordinate to the rights of the Owners hereunder;
- D. The right of the Association to suspend the right to use the recreational facilities by a Member for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations;
- E. The right of the Association to dedicate or transfer the water and sewer lines located on the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast two-thirds (2/3rds) of the votes, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance, as long as the DECLARANT owns twenty-five (25) Lots it must consent to the transfer;
- F. The By-Laws of the Association, as the same are amended from time to time.

Section 2. Delegation of Use. Any Member may delegate in accordance with the By-Laws, his right of enjoyment of the Common Area and recreational facilities to the members of his immediate family and his tenants, provided such persons reside on the Properties.

Section 3. Title to the Common Area. The DECLARANT hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of mortgages, liens and encumbrances, except such encumbrances and conditions as are set forth on the Subdivision Map and such other encumbrances and conditions as are set forth on Schedule A annexed hereto; except that DECLARANT expressly reserves the right to grant easements to public authorities and/or to utilities both public and private, and easements for adjacent property owners for drainage and/or right of way. In addition, Declarant has set aside an easement for future installation of an underground water storage tank for the Village/Town of Mount Kisco.

DECLARANT hereby further covenants that it will convey title to the aforesaid property to the Association prior to conveyance of title to the first Lot.

DECLARANT hereby reserves the right, for so long as it owns one or more Lots in the Properties, to use part or all of the Common Area to permit inspection of the Common Area by prospective purchasers and hereby grants easements and rights-of-way through, over, upon and across the Common Area, to itself for the completion of construction of the Common Area and the Homes.

DECLARANT further reserves the right to file an amended Subdivision Map for purposes of conforming lots to the "as-built" conditions.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The DECLARANT, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, covenants and agrees to pay to the Association:

A. Annual assessments or charges ("Association Charge"); and

B. Special assessments for capital improvements; such assessments to be fixed, established and collected from time to time as hereinafter provided.

The Association Charges and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made, and shall bind such property in the name(s) of an Owner, his or her heirs, devisees, personal representatives and/or assigns. Each such assessment, together with such interest, costs and reasonable attorneys' fees, in addition to being a lien upon the land, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment came due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments; Responsibilities of the Association. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Properties, and, in particular, for the improvement and maintenance of the Properties, taxes, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, the recreational facilities and the Homes situated on the Properties. The Association shall be responsible for the management of, repairs and replacements to, and maintenance of, the Common Area. The Association shall be responsible for the siding and roofs of the exterior of the buildings. In addition, the Association shall maintain the grass areas within the Lot lines in front, at the sides and in the rear of each Home as well as the driveways and walkways. The Association shall have the option to maintain landscaping changes and modifications made by the Owner with approval (See Article VII). The Association shall also be responsible for shoveling snow from pathways to the front door of the Homes when a daily snowfall exceeds two (2") inches (but excluding patios).

Section 3. Annual Assessments. After consideration of current maintenance costs, taxes and future needs of the Association, the Board of Directors shall fix the annual assessment to be paid by each Owner to the Association. The Board of Directors shall prepare a budget upon which the annual assessments for the ensuing year will be based and a copy of such budget, along with the monthly Association Charge for each Lot, shall

be submitted to each Owner at least thirty (30) days prior to the commencement of the effective date of such budget. The Association Charge shall be paid in advance on the first day of every month by each Owner.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, and including the roof or siding of a building. The Board of Directors is empowered to vote on any capital improvement expenditure not to exceed THIRTY THOUSAND (\$30,000.00) DOLLARS. Any expenditure in excess of THIRTY THOUSAND (\$30,000.00) DOLLARS shall require a majority vote of the Members of the Association at a meeting duly called for such purpose.

So long as the DECLARANT shall continue to own twenty-five (25) or more Lots, the Association may not, without the prior written consent of the DECLARANT:

- A. Levy annual special assessments for capital improvements greater than FIVE HUNDRED (\$500.00) DOLLARS per Lot or make any addition or alteration to the Common Area;
- B. Create any reserve or contingency funds or add unreasonable sums to existing reserve or contingency funds; or
- C. Borrow money, the annual debt service for which exceeds thirty (30%) percent of the total expense budget of the Association.

Section 5. Rate of Assessment. Annual and special assessments for all fees, charges and expenses of the Association shall be fixed at a uniform rate for all Lots. At the discretion of the Board of Directors, special assessments may be collected on a monthly basis as part of the Association Charges.

Section 6. Declarant's Obligation. The DECLARANT covenants and accepts its obligation to pay Association Charges and special assessments (except as limited herein) for each Lot it owns.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments payable month-

ly as Association Charges provided for herein shall commence as to all Lots when determined by the Board of Directors. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association, setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessments that are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate of interest allowed under the laws of the State of New York, and the Association shall take prompt action to collect the unpaid assessments to include bringing action at law against the Owner personally obligated to pay the same, or foreclosing the lien against the property; and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area and its facilities or by abandonment of his or her Lot. The Board of Directors, acting on behalf of all Owners, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. A suit to recover a money judgment for unpaid assessment(s) shall be maintainable without foreclosing or waiving the lien securing the same.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any first mortgage, pursuant to a decree of foreclosure under such mortgage, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No

sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

The Board of Directors may not commence foreclosure proceedings until thirty (30) days after the first mortgagee of the delinquent Lot, if any, has received written notice of the Board's intention to commence foreclosure proceedings for failure to pay assessments. In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid assessments, the unpaid balance shall be charged to all Owners as a common expense. Where the holder of an institutional first mortgage of record obtains title to the Lot as a result of foreclosure, or by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Lot shall not be subject to a lien for the payment of assessments chargeable to such Lot which were assessed and became due prior to the acquisition of title to such Lot by such acquirer if the Board of Directors was made a party to the foreclosure action. In such event, the unpaid balance of assessments may be charged to all other Owners as a common expense when the Board determines it to be uncollectible from the previous title holder. The term "institutional mortgage" herein used shall mean a non-participational mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other similar lender.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created therein:

- A. All properties dedicated to and accepted by a local public authority; and
- B. The Common Area.

However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI MORTGAGES

Section 1. Notice to Association. An Owner who mortgages his Lot with an Institutional Lender shall notify the Board of Directors of the Association in writing of the name and address of such Institutional Lender and shall file a conformed copy of the Note and Mortgage with the Board of Directors; and the Board of

Directors shall maintain such information in a book entitled, "Mortgages of Lots".

Section 2. Notice of Unpaid Assessments. The Board of Directors, whenever so requested in writing by an Institutional Lender of a Lot, shall promptly report any unpaid assessments due from, or any other default by, an Owner of the mortgaged Lot.

Section 3. Notice of Default. The Board of Directors, when giving notice to an Owner of a default in paying assessments, shall, if such default shall continue for sixty (60) days, send a copy of such notice to the Institutional Lender holding a mortgage covering such Lot whose name and address is theretofore furnished to the Board of Directors.

Section 4. Right to Contest Assessments Against Common Area. Any Institutional Lender shall have the right to contest and seek reduction of real estate taxes and municipal assessments levied against the Common Area. The Association shall cooperate with such Institutional Lender by providing the data necessary to commence such contest and to execute such documents reasonably requested by the Institutional Lender. If the Institutional Lender's contest is successful so that there is a reduction of real estate taxes or municipal assessments, the Institutional Lender shall be entitled to be reimbursed for its reasonable expenses, including attorneys' fees, in connection with such contest. If the Institutional Lender is not successful, all costs and expenses in connection with the contest shall be the sole cost and expense of the Institutional Lender. The Institutional Lender shall agree to indemnify and hold harmless the Association for any damages, costs and expenses, including reasonable attorneys' fees, resulting from such contest commenced by an Institutional Lender.

Section 5. Notice of Condemnation. The Association shall send notice to any Institutional Lender holding mortgages on twenty-five (25%) percent or more of the Lots in the event of a taking in condemnation or by eminent domain of part or all of the Common Area. Such Institutional Lenders shall have the right to contest any condemnation awards on behalf of the Association. If the Institutional Lender is successful and obtains an increase in the condemnation award as a result of its contest, the Institutional Lender shall be entitled to be reimbursed out of such award for its reasonable expenses, including attorneys' fees, for such contest. If the Institutional Lender is not successful in increasing the condemnation award, the contest shall be

at the sole cost and expense of the Institutional Lender so contesting.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. Exterior Alterations to Buildings; Additional Construction. From and after the construction by the DECLARANT or its successors and/or assigns of any buildings or other improvements upon the Properties, except as herein provided, no building, canopy, deck, fence, wall or other structure shall be commenced, erected, or maintained upon the Properties; nor shall any exterior modifications or additions be made to, or change or alteration of any kind be made to the improvements, including, but not limited to, changes of color or material; until the plans and specifications showing the nature, kind, shape, dimensions, materials, color and location 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 comprised of three (3) or more representatives appointed by the Board. In the event said Board or its designated committee fails to approve or disapprove such design or location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article shall be deemed to have been fully complied with.

Section 2. Modification of Landscaping. The landscaping in front of, at the sides of, or in the rear of any Home cannot be altered or modified without first obtaining the approval, in writing, of the Board of Directors of the Association, or by an architectural committee as described above. Any proposed landscaping alterations or modifications must be in harmony with the external design and location in relation to surrounding landscaping and topography. In the event said Board or its designated committee fails to approve or disapprove changes or modifications within sixty (60) days after the request therefor, approval will not be required and this Article shall be deemed to have been fully complied with. The Association shall have the option to maintain landscaping changes and modifications made by an Owner with the Board or committee approval. In the event the Association does not elect to maintain such approved changes and modifications, the Owner shall be required, at the Owner's sole cost and expense, to provide such maintenance.

Section 3. Installation of Fencing. Fencing, other than that originally installed by DECLARANT, shall not be permitted unless approved by the Board of Directors.

ARTICLE VIII
EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. The Association shall be required to have the exterior of the buildings (excluding repair of exterior glass and doors), and the roofs repaired as well as the driveways and walkways at such times as the Board of Directors deems necessary. The cost of such repairs shall be part of the assessments and reserves set forth in Article V, Section 4 herein. In addition, in the event an individual Owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3rds) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain and restore the Lot and the exterior of the Home and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and shall become part of the assessment to which such Lot is subject.

Section 2. Right of Entry. For the purpose solely of performing the exterior maintenance required hereunder, the Association, through its duly authorized agents and employees, shall have the right to enter upon any Lot at reasonable hours on any day.

ARTICLE IX
RESTRICTIONS ON USE OF LOTS AND HOMES

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

Section 1. Residential Purposes. The Lots may be used for residential purposes as defined in the applicable Zoning Ordinances for single family dwellings, as the same may be amended from time to time, and such other accessory uses as permitted by such Zoning Ordinances.

Section 2. Roads and Streets. No title in and to the bed of any road or street is to be conveyed to the purchaser of any Lot. DECLARANT retains the said title and the right to convey the said title to the Association. However, the land in the bed of the roads and streets shown on the Subdivision Map shall be subject to easements of ingress and egress and to provide for the installation and maintenance of all utilities and drainage facilities now or hereafter installed to provide service for the Owners, whether installed on the surface of, or above or below the ground.

Section 3. Vehicles. No commercial vehicles, recreational vehicles, trailers, campers, or boats of any kind shall be kept on any Lot or on the Common Area except with the approval of the DECLARANT or the Board of Directors of the Association and in conformity with the Rules and Regulations that are part of the By-Laws of the Association.

Section 4. Livestock, Household Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Home or on any Lot, except that dogs, cats, or other domesticated household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and provided that not more than two (2) pets in the aggregate may be kept upon the Lot. No unleashed or unattended animals shall be permitted upon the Common Area. The Association may, in its Rules and Regulations, set conditions for walking animals in the Common Area.

Section 5. Clothes Lines. Exterior clothes lines shall not be installed anywhere on the Properties.

Section 6. Noise, Nuisances, Rubbish. No nuisance or noise of any kind which is unwholesome and offensive to the neighborhood, or which is in violation of any local noise ordinances, shall be permitted to exist on any Lot; nor shall any accumulation of rubbish, garbage, junk or materials of any kind be permitted to remain on any Lot.

Section 7. Signs. No advertising signs, billboards, or other sign devices shall be permitted on any of said Lots except by DECLARANT during such period of time that DECLARANT is selling Homes. An Owner may maintain a "professional office" sign on his Lot with written permission of the Board of Directors of the Association and in accordance with the By-Laws and Rules and Regulations of the Association, and local Zoning Ordinances.

Section 8. Excavation. No sand, earth or sod shall be removed from a Lot or excavation be allowed to remain open thereon, except as may be necessary during building construction periods, or except as may be approved by DECLARANT or the Board of Directors of the Association. After construction, lawn and landscaping shall be installed and maintained thereafter in an attractive manner.

Section 9. Antennae. No radio, television or similar towers shall be erected on any Lot, or attached to the exterior of any Home.

Section 10. Obstructions. There shall be no obstruction of the Common Area nor shall anything be stored in the Common Area without the prior written consent of the Board of Directors.

Section 11. Business Office; Sales Office. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for the DECLARANT, its successors and/or assigns, to maintain during the period of construction and sales of Homes, upon such portion of the Properties or Common Area as DECLARANT deems necessary, and to install such facilities as in the sole opinion of the DECLARANT may be reasonably required, convenient, or incidental to the construction and sales of said Homes, and improvements to the Common Area, but without limitation, a business office, storage area, construction trailers, construction yards, signs, model homes and sales office. DECLARANT shall use a reasonable effort during such period of construction and sales not to substantially interfere with the use and enjoyment of the Common Area by the Owners.

Section 12. Lease or Sale of Home. An Owner who intends to lease, mortgage or transfer an ownership interest in his Lot shall notify the Board of Directors in advance in writing, providing the name and address of his prospective lessee, mortgagee, or new owner. No lease may take effect without the prior written consent of the Board of Directors, which consent may not be withheld unless said lease would be in violation of any local or state ordinance, and if and until the payment of all assessments levied against an Owner with respect to such Lot shall have been received by the Association. No interest in a Lot may be sold, mortgaged or transferred without the prior written consent of the Board of Directors, which consent shall be withheld only if and until the payment of all assessments levied against an Owner with respect to such Lot shall have been received by the Association.

Section 13. Unlawful Use Prohibited. No improper, offensive or unlawful use shall be made of the Properties or any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 14. Rules and Regulations. Regulations concerning the use of the Properties and the recreational facilities pursuant to the By-Laws shall be observed by the Owners, guests, occupants, tenants and lessees, provided, however, that copies of such Regulations shall be furnished to each Owner prior to the time that said Regulations become effective.

ARTICLE X
PARTY WALLS OR PARTY FENCES

Section 1. General Rules of Law Apply. To the extent not inconsistent with the provisions of this Article X, 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 and/or party fence which is built as part of the original construction of the Homes upon the Properties, and any replacement thereof and those thereafter constructed by an Owner as provided herein.

Section 2. Encroachment. In the event that any portion of any structure, as originally constructed by DECLARANT, including any party wall, fence, roadway, parking area or utilities systems, shall protrude over an adjoining Lot, such structure, party wall or fence, roadway, parking area or utilities system, 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, roadway, parking area or utilities system, 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, roadway, parking area or utilities system. The foregoing shall also apply to any replacements of any structures, party walls or fences, roadways, parking areas or utilities systems if same are constructed in conformance with the original structure, party wall or fence, roadway, parking area or utilities system constructed by the DECLARANT. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

Section 3. Sharing Repairs and Maintenance. The cost of reasonable repairs and maintenance of a party wall or party fence shall be shared by the Owners who make use of the wall or fence, in proportion to such use.

Section 4. Destruction by Fire or Other Casualty. If a party wall or party fence is destroyed or damaged by fire or other casualty, any Owner who has used the wall or fence may 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 or law regarding liability for negligent or willful acts or omissions.

Section 5. 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 6. 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 Lot and shall pass to such Owner's successors in title.

Section 7. Disputes. In the event any dispute arises concerning a party wall or party fence, under the provisions of this Article, said dispute shall be decided by the Board of Directors of the Association. A vote of two-thirds (2/3rds) of the members of the Board of Directors shall be necessary to decide the dispute and said vote shall be binding upon the parties.

ARTICLE XI INSURANCE AND CONDEMNATION

Section 1. Common Area. The Board of Directors shall maintain public liability insurance, to the extent obtainable, covering each 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 Area or relating to the maintenance by the Association of other parts of the Properties. In addition, fire insurance with extended coverage will be obtained for the Common Area, buildings and improvements. To

the extent obtainable and required, the Board of Directors shall also be required to obtain workers' compensation and disability insurance. All insurance premiums for such coverage shall be paid by the Association.

Section 2. Homes. Each Owner shall be required to obtain and maintain adequate insurance covering his or her Home which shall insure the property for its full replacement value, with no deductions for appreciation, 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. The Board of Directors shall have the right to require written notice from each Member, from time to time, of the amount of insurance coverage of such Member to include copies of such policies, and to require modification of the coverage if the Board of Directors deems the amount thereof to be inadequate, taking into account the amount of coverage for all members. The purpose of such insurance shall be to protect, preserve and provide for the continued maintenance and support of the separately owned Homes which shall include common party walls, connected exterior roofs, and other parts of the overall structure.

Section 3. Insurance Trustee. Such policies obtained by each Owner, or by the Association on behalf of an Owner as herein provided, shall provide that the net insurance proceeds shall be payable to the Board of Directors as Trustee for each of the Owners and/or their mortgagees, as their respective interests may appear, if such net insurance proceeds are TEN THOUSAND (\$10,000.00) DOLLARS or more; and to the Owner if less than TEN THOUSAND (\$10,000.00) DOLLARS. Notwithstanding the foregoing, however, the Board of Directors may at any time and from time to time by a majority vote or upon request of mortgagees holding mortgages on over twenty-five (25%) percent of the Lots, have the insurance proceeds paid over to an Insurance Trustee. Such insurance proceeds shall be applied to the repair and restoration of the Properties as hereinafter provided. All such insurance policies shall provide that coverage may not be cancelled without first giving the Board of Directors ten (10) days written notice of such cancellation. All such policies shall contain, if obtainable, a waiver of the right of subrogation against any Owner, members of the families of Owners, and the Association, its officers, agents and employees. Such policies shall also contain waivers of any reduction of pro-rata liability of the insurer.

In the event an Owner does not modify coverage in accordance with the Board of Directors' requirements, the Board may obtain such insurance coverage and the

cost of the premium therefor shall not be part of the Common Expense but shall be an individual assessment against the Owner who has not complied with the Board's requirements. Such assessment shall be paid within twenty (20) days after notice of such debt and shall be collected by any lawful procedure permitted by the laws of the State of New York. If such debt is not paid within twenty (20) days after notice, such amount shall automatically become a lien upon such Owner's Lot and shall continue to be a lien until fully paid. Such lien shall be subordinate to the lien of any first mortgage and shall be enforceable in the same manner as the lien created by failure to pay assessments. Insurance obtained by the Board of Directors shall be written in the name of the Association in trust for the benefit of each such Owner.

The Insurance Trustee, if one is chosen pursuant to Section 3 of this Article XI, shall be a bank or trust company located in the State of New York as designated by the Board of Directors. All fees and disbursements of any Insurance Trustee shall constitute an expense of the Association and shall be paid by the Board of Directors. The Insurance Trustee shall not be liable for the payment of premiums, for failure to renew policies, for the sufficiency of policies, or for the failure to collect any proceeds as are paid and to hold them in trust for the benefit of the Owners and their mortgagees.

Section 4. Repair or Reconstruction After Fire or Other Casualty. In the event of damage or destruction by fire or other casualty to any Lot or the improvements thereon, the Owner of such Lot shall, with the concurrence of the Owner's mortgagee, if any, and the Board of Directors, be required to reconstruct or repair the Home so destroyed by fire or other casualty. If the proceeds of loss are less than TEN THOUSAND (\$10,000.00) DOLLARS, they shall be held by the insured Owner in trust for the benefit of said Owner and such other Owners whose Homes are affected by the casualty resulting in the loss. If the proceeds are TEN THOUSAND (\$10,000.00) DOLLARS or more, they shall be held by the Board of Directors or the Insurance Trustee. Repair or reconstruction of the damaged Homes must commence within a reasonable time after occurrence of the loss but in any event not later than thirty (30) days after receipt of the insurance proceeds. Any repair or reconstruction of the exterior of any Home must be performed in a good and workmanlike manner and shall conform as nearly as possible with the original plans and specifications. The plans and specifications for repair or reconstruction to the exterior of any Home must be submitted to and approved in writing by the

Board of Directors of the Association or by an architectural committee as provided in Article VII hereof. The Owner, Board of Directors, or the Insurance Trustee, as the case may be, shall disburse the proceeds of insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments.

If any Owner refuses or fails to so repair or rebuild as so provided, then the Association, by and through its Board of Directors, is hereby irrevocably authorized by such Owner to repair or rebuild such damaged or destroyed portions of the Home. The Association shall have a lien against any insurance proceeds being held by the Owner or the Board of Directors as Trustee, or the Insurance Trustee, in trust as herein provided. Such Owner shall immediately turn over any trust funds being held by him or her to the Board of Directors or Insurance Trustee to be used to make the repairs required. In the event such proceeds are not adequate to repair such damage, the Board of Directors may levy a special assessment against the Owner in whatever amount is necessary to adequately cover any deficiency. If the insurance proceeds exceed the cost of repairing and/or rebuilding, such excess shall be paid over to the respective Owner and/or the Owner's mortgagee in such portions as shall be independently determined by those parties.

Section 5. Condemnation Proceeds. In the event of a taking in condemnation or by eminent domain of all or part of the Common Area, the award made for such taking shall be payable to the Association. The Board of Directors shall arrange for the repair and restoration of such Common Area, and the Board or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. If there shall be a surplus of such proceeds, or if the Members shall elect not to repair or restore the Common Area, or if the Common Area cannot be repaired or restored, such surplus or the net proceeds of such award shall be utilized by the Association or disbursed to the Members at the discretion of the Board of Directors, subject to the rights of any mortgagees holding mortgages on the Common Area and/or Lots.

ARTICLE XII AMENDMENT OF DECLARATION

Section 1. Amendment. The Covenants of this Declaration shall run with and bind the Properties, and

shall inure to the benefit of, and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and/or assigns; for a term of fifty (50) years from the date this Declaration is recorded, after which time said Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by sixty-six and two-thirds (66-2/3rds) percent of the Owners has been recorded, agreeing to change said Covenants in whole or in part. Notwithstanding the foregoing, the easements, licenses, rights and privileges established and created with respect to the Properties by Article XIV shall be perpetual, run with the land and shall survive any destruction, reconstruction and relocation of the physical structures unless said provision is abrogated by the unanimous written consent of all the Owners. Unless specifically prohibited herein, this Declaration may be amended by an instrument signed by Members holding not less than sixty-six and two-thirds (66-2/3rds) percent of the votes of the membership.

Notwithstanding anything to the contrary contained herein, there shall be no amendments to this Declaration which would adversely affect any rights of DECLARANT reserved or provided herein without first obtaining DECLARANT'S written consent, provided, however, that DECLARANT, at the time of such amendment, is the Owner of one or more Lots.

ARTICLE XIII MERGERS

Section 1. Mergers. Upon a merger or consolidation of the Association with another association, its Properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or alternatively, the Properties, rights and obligations of another association may, by operation of law, be added to the Properties, rights and obligations of the Association as a surviving corporation pursuant to a merger.

The surviving or consolidated association may administer the Covenants established by this Declaration within the Properties, together with covenants, conditions and easements established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the Covenants established by this Declaration with the Properties, except as herein provided.

ARTICLE XIV
ADDITIONAL EASEMENTS

Section 1. Additional Easements. The DECLARANT hereby gives, conveys, grants and reserves for the benefit of the DECLARANT, the Association and of the respective Owners and occupants of all or any part of the Properties; their guests, tenants, licensees and invitees, the following:

A. An easement and right-of-way for ingress and egress, by vehicle or on foot, in, to, upon and across the streets and roads now or hereafter constructed on the Properties; and

B. An easement, right, license and privilege to connect to and make use of, and maintain, repair, and replace utility lines, wires, pipes, conduits, cable television lines, sewers, water and drainage pipes and lines and appurtenances thereto, now or hereafter installed in all or any part of the Properties, subject to the requirements of governmental bodies and public utility companies and their ownership of such utilities.

The aforementioned easements, rights and privileges are hereby established and created by the DECLARANT and the DECLARANT does hereby grant them to each individual, business or other entity hereafter owning any portion of the Properties, including DECLARANT itself; which easements DECLARANT reserves unto itself for the completion of construction of the Properties. These rights created for DECLARANT may not be changed by any amendment to this DECLARATION so long as DECLARANT owns one (1) Lot. Said easements shall also be for the benefit of the Association, its Members, guests, licensees, invitees and employees. The granting of the aforementioned easements, rights and privileges is perpetual and such easements, rights and privileges shall run with the land. Any Owner may also grant the benefit of such easement, license, right or privilege to his tenants and guests for the duration of their tenancies or visits, subject 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.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all Covenants now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any Covenants herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these Covenants by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Association whether by operation of law, a vote of the Members, or allowed by Statute, its real and personal assets, including the Common Area, shall be dedicated to the 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 Covenants 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 Schedule "B".

IN WITNESS WHEREOF, the undersigned being the DECLARANT herein, has hereunto set its hand and seal by its authorized officer this _____ day of _____, 198____.

GUARD HILL DEVELOPMENT CORPORATION

By: _____

ACKNOWLEDGMENT

STATE OF NEW YORK)
COUNTY OF PUTNAM) ss:

On this _____ day of October, 1985, before me personally appeared _____, who being by me duly sworn, did depose and say that he resides at _____; that he is the _____ GUARD HILL DEVELOPMENT CORPORATION, the corporation described in and which executed the foregoing Declaration; that he knows the seal of said Corporation; that the seal affixed to said document 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.

Notary Public

SCHEDULE "A" TO DECLARATION

Number 8510-380416

COMMITMENT FOR TITLE INSURANCE

Issued by

CHICAGO TITLE INSURANCE COMPANY

Chicago Title Insurance Company, a Missouri corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate nine months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

This Commitment shall not be valid or binding until countersigned by a validating officer or authorized signatory.

IN WITNESS WHEREOF, Chicago Title Insurance Company has caused its corporate name and seal to be hereunto affixed by its duly authorized officers on the date shown in Schedule A.

CHICAGO TITLE INSURANCE COMPANY

By

Issued by:
TOWER ABSTRACT CORPORATION
30 Glenn Street
White Plains, NY 10603
(914) 761-0101

Richard J. Kelly
President.

ATTEST.

Robert Haines
Secretary

Countersigned by:

Daniel Wm. McCarthy
Daniel Wm. McCarthy
ama (ama)



This commitment is intended for lawyers only. Such exceptions as may be set forth herein may affect marketability of title. Your lawyer should be consulted before taking any action based upon the contents of this commitment. The Company's representative at the closing hereunder may not act as legal advisor to any of the parties or draw legal instruments for them. Such representative is permitted to be of assistance only to an attorney. It is advisable to have your attorney present at the closing.

CHICAGO TITLE INSURANCE COMPANY

F-10442

TITLE NO. 8510-380416

SCHEDULE A

1. Effective date: 2/21/85

redated: 3/28/85 by

redated: 10/7/85 by

2. Policy or Policies to be issued:

(a) ☒ Owner's Policy, NYBTU, 100E

\$ _____

Proposed Insured:

(b) _____ Loan Policy, NYBTU, 100E

\$ _____

Proposed Insured:

(c) _____ Policy

\$ _____

Proposed Insured:

3. Title to the Fee Simple estate or interest in the land described or referred to in this commitment is at the effective date hereof vested in:

GUARD HILL DEVELOPMENT CORPORATION

Title acquired under deed dated 3/28/1985 recorded 4/1/1985 in Liber 8066 cp 163, made by BESSIE G. GLASS and by deed dated 3/28/1985 recorded 4/1/1985 in Liber 8066 cp 168, made by JOSEPH CIOCCOLANTI.

4. The land referred to in this Commitment is described on the description sheet attached.

The following are the requirements to be complied with:

BLANKET POLICY

A. If the application is for insurance under a master or blanket policy all of the following items under this Schedule B will be excepted from coverage in the Commitment of Title Insurance to be issued hereon unless disposed of to the satisfaction of the Company or on 2 or to closing.

IDENTITY OF PARTIES

B. The identity of parties at the closing of this title should be established to the satisfaction of the closer.

SECTION 13 OF LIEN LAW

C. Deeds and mortgages must contain the covenant required by Section 13 of the Lien Law and such covenant must be absolute and not conditional. The covenant is not required in deeds from referees or other persons appointed by a court for the sole purpose of selling property.

ASSIGNMENT OF MORTGAGE OR OTHER LIEN

D. When the transaction is an assignment of a mortgage or other lien, an estoppel certificate executed by the owner of the fee and by the holders of all subsequent encumbrances must be obtained. When the transaction is a mortgage, the amount actually advanced should be reported to the Company.

MATTERS AFTER EFFECTIVE DATE OF COMMITMENT

E. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

CORPORATE GRANTOR

F. If the present transaction consists in whole or in part of a conveyance or lease by a corporate grantor or lessor, there must be compliance with Section 909 of the Business Corporation Law. We will require the written consent to such conveyance or lease by all of the holders of the outstanding shares of the said corporation and the instrument on closing should so recite. In lieu thereof the consent of the holders of two-thirds of all of the outstanding shares entitled to vote thereon obtained at a meeting duly noticed and called for the purpose of obtaining such consent in the manner provided for in Section 605 of the Business Corporation Law is required and the instrument on closing should so recite.

If neither of the above is obtained, then, the proofs showing the basis upon which the conveyance or lease is to be made must be submitted to counsel prior to closing.

CORPORATE MORTGAGOR

G. If the present transaction consists in whole or in part of the making of a new mortgage there must be compliance with Section 911 of the Business Corporation Law. We will require a certified copy of the resolution of the board of directors of any corporate mortgagor authorizing the making of said mortgage.

Proof must also be shown that the consent of stockholders of the mortgagor corporation is not required by its certificate of incorporation or amendments thereto for the making of said mortgage.

The mortgage should contain a recital showing that it was made and executed pursuant to the resolution of the board of directors of the mortgagor.

CONTRACT

H. If this commitment requires a conveyance of the fee estate and the contract therefor has not been submitted to the Company, it should be furnished for consideration prior to closing.

PROOF OF NO OTHER NAME

I. Proof is required to show that the persons certified as owners herein have not been known by any other name in the 10 years last past. If they have been known by another name, all searches must be amended and run against such name and title is subject to returns, if any, on such amended searches.

MORTGAGES

J. Mortgage(s) and assignment(s) thereof as described in the schedule(s) annexed.

TAXES

K. Taxes, assessments, water rates and sewer charges as set forth in the schedule(s) annexed.

PARTIES IN POSSESSION

L. Rights of present tenants, lessees or parties in possession.

CONTINUED ON REVERSE SIDE

TITLE NO. 8510-380416

Schedule B of the policy issued will contain the following exceptions, in addition to those noted elsewhere herein:

SCHEDULE B

The following estates, interests, defects, objections to title, liens, and incumbrances and other matters are excepted from the coverage of this policy.

1. Defects and incumbrances arising or becoming a lien after the date of this policy, except as herein provided.
2. Consequences of the exercise and enforcement or attempted enforcement of any governmental, war or police powers over the premises.
3. Any laws, regulations or ordinances (including, but not limited to zoning, building, and environmental protection) as to the use, occupancy, subdivision or improvement of the premises adopted or imposed by any governmental body, or the effect of any noncompliance with or any violation thereof.

4. Judgments against the insured or estates, interests, defects, objections or incumbrances created, suffered, assumed or agreed to by or with the privity of the insured.

5. Title to any property beyond the lines of the premises, or title to any within or rights or easements in any abutting streets, roads, avenues, lanes, ways or waterways, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement, unless this policy specifically provides that such titles, rights, or easements are insured. Notwithstanding any provisions in this paragraph to the contrary, this policy, unless otherwise excepted, insures the ordinary rights of access and egress belonging to abutting owners.

6. Title to any personal property, whether the same be attached to or used in connection with said premises or otherwise.

7. Utility Easements in Liber 1610 cp 22 and Liber 3222 cp 28 Rights-Of-Way in Liber 4912 cp 104, Liber 6574 cp 213 and Liber 7320 cp 213, and Easement for exclusive use in Liber 7412 cp 362. Policy insures, however, that the exercise of any rights created thereunder will not interfere with the use and occupancy of structural improvements located on the subject premises, or future improvements as shown on Filed Map No. 21827.
8. Covenants and Restrictions in Liber 1538 cp 398 repeated in Liber 1735 cp 102 and covenants and restrictions in Liber 1776 cp 149 affect northerly access strip to Grove Street only (Lot 52b Sec. 6 Town of Mount Kisco), none of which are violated by the improvements on the premises shown on the survey used herein. A future violation of said covenants and restrictions will not result in a forfeiture or reversal of title to said premises.
9. Easement for sewer purposes to be reserved by the grantor in the deed to the proposed mortgagor and simultaneous grant from said proposed mortgagor to adjoining owner (now or formerly Marwell) for permanent sewer easement. However, policy insures such easement will not interfere with the present or contemplated improvements.

Continued...

TITLE NO. 8510-380416

10. Future Utility Easements for sewer and water in favor of the Village/Town of Mount Kisco, and for gas, electric and telephone cable running to public utility companies.
11. Site and conservation easements to be granted by the proposed mortgagor to adjoining property owners by easement delivered at time of purchase by proposed mortgagor, and rights arising therefrom (covers strips of property on the perimeter of premises herein - no new construction), none of which easements will affect the use and maintenance of the structures shown on site plans shown on Filed Map No. 21827.
12. Notes and State of facts on subdivision map entitled "Wayside" filed as Map No. 21827.
13. Covenants and Restrictions in Liber 7919 cp 18 affect Parcel "C" only. None of which are violated by the improvements on the premises shown on the survey used herein. A future violation of said covenants and restrictions will not result in a forfeiture or reversion of title to said premises.
14. Grant of Passive Easement in Liber 8066 cp 153.
15. Septic and Sewer Connection easement in Liber 8066 cp 143.

TITLE NO. 8510-380416

MORTGAGES

1.

Mortgagor Guard Hill Development Corp.

Mortgagee Westchester Federal Savings Bank

Amount \$ 2,200,000.00

Dated 3/28/85

Recorded 4/1/85

Liber/Reel 9022 mp 146

2

Mortgagor Guard Hill Development Corp.

Mortgagee Westchester Federal Savings Bank

Amount: \$4,200,000.00

Dated 3/28/85

Recorded 4/1/85

Liber 9022 mp 125

UCC FINANCING STATEMENT

Debtor: Guard Hill Development Corporation

Secured Party: Westchester Federal Savings Bank

Filed 4/1/1985 Number 85-03496

This commitment does not purport to show all the terms and provisions of the above mortgage(s). Interested parties should communicate with the holder(s) thereof to consider the terms thereof, the obligation(s) secured and the effect of any unrecorded agreements in modification thereof.

Title No. 8510-380416

SURVEY READING

Print of survey made by Donald J. Donnelly, N.Y.L.S., dated January 28, 1982 map completed December 14, 1984, filed as Map No. 21827 (Sheet 1) shows vacant land and the following:

1. Stone wall inside southerly line of access strip to Hickory Lane.
2. Chain link fence outside portion of easterly line from 0.6' to 1.9'.
3. Easement described in Liber 7412 cp 362 and "proposed easement area for future Water Storage Tank" are delineated affecting easterly portions of premises.
4. Overhang from building on southwest projects 0.9' over premises herein.
5. Rail fence from premises on southwest encroaches from 0.9' to 2.0'.
6. Wood fence outside part of southerly line from 0.7' to 1.7'.
7. Wire fence encroaches from premises on southwest from 7.1' to 7.2'.
8. Shed, macadam drive and hedge encroach upon southerly access strip to Grove Street.
9. Macadam drive extends over easement area (Liber 7320 cp 214) into Grove Street, with utility wires and poles from benefitted area through the same.
10. Driveway and fence extend from adjoining premises (North and South) into northerly access strip extending to Grove Street and Brookside Avenue.
11. Carport encroaches from 2.8' to 2.9' and concrete retaining wall encroaches up to 5.9' from premises on West near North Bedford Road.

Except any state of facts that an accurate survey made subsequent to December 14, 1984 may show.

SCHEDULE A - Description

TITLE NO 8510-380416

ALL those certain lots, pieces or parcels of land, situate lying and being in the Village/Town of Mount Kisco, County of Westchester and State of New York, being known and designated as Parcels A and C on a certain map entitled "Subdivision Plat of Wayside, etc." (Sheet 1 of 5) dated February 2, 1984, revised December 14, 1984, made by Donald J. Donnelly, L.S., and filed in the Westchester County Clerk's Office, Division of Land Records on January 29, 1985 as Map No. 21827.

DESCRIPTION

SCHEDULE "B" TO DECLARATION

BY-LAWS OF GUARD HILL HOMEOWNERS ASSOCIATION, INC.

SEE EXHIBIT C OF THIS OFFERING PLAN

EXHIBIT B

CERTIFICATE OF INCORPORATION

OF

GUARD HILL HOMEOWNERS' ASSOCIATION, INC.

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

George J. Swander, Incorporator
Argonne Road, P. O. Box 379
Brewster, New York 10509
(914) 279-5184

GUARD HILL HOMEOWNERS' ASSOCIATION, INC.

THE UNDERSIGNED, being over the age of eighteen (18) years for the purpose of forming a corporation pursuant to Section 402 of the Not-for-Profit Corporation Law of the State of New York, does hereby certify:

GUARD HILL HOMEOWNERS' ASSOCIATION, INC.

(2) The corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law in that it is not formed for pecuniary profit or financial gain, and no part of the assets, income or profit of the corporation is distributable to, or enures to the benefit of, its members, directors or officers or any private person except to the extent permissible under the Not-for-Profit Corporation Law.

(3) The specific purposes for which the corporation, hereinafter sometimes referred to as the association,

is formed are to provide for maintenance, preservation, and architectural control of the residence lots and common areas within a certain proposed subdivision known as Wayside Subdivision in the Village/Town of Mt. Kisco, and to promote the health, safety, and welfare of the residents within the above-described proposed subdivision and such additions thereto as may hereinafter be brought within the jurisdiction of the association for such purpose.

In furtherance of such purpose, the association shall have power to:

(a) Perform all of the duties and obligations of the association as set forth in a certain declaration of covenants, conditions, restrictions and easements ("the declaration") applicable to the proposed subdivision to be recorded in the office of the county clerk of the County of Westchester, State of New York;

(b) Affix, levy, and collect, and enforce payment by any lawful means of all charges and assessments pursuant to the terms of the declaration; and pay all expenses in connection therewith, and all office and other expenses incident to the conduct of the business of the association, including all licenses, taxes, or governmental charges levied or imposed against the property of the association;

(c) Acquire by gift, purchase, or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose

of real and personal property in connection with the affairs of the association;

(d) Borrow money and, subject to the consent by vote or written instrument of two-thirds of each class of the members, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed for debts incurred;

(e) Dedicate, sell or transfer all of any part of the common areas to any municipality, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds of each class of members, agreeing to such dedication, sale or transfer;

(f) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional residential property or common areas, provided that any merger, consolidation, or annexation shall have the consent by vote or written instrument, of two-thirds of each class of members;

(g) To make, promulgate, and enforce on behalf of the residents, compliance with such rules and regulations as may be necessary or proper from time to time as allowed by law and the recorded declaration and By-Laws as same may be amended from time to time, with respect to the safe

occupancy, reasonable use and enjoyment of the buildings, structures, grounds and facilities on the property and recreational facility area; and to perform all such other and additional services and acts as are usually performed by managers or managing agents of real estate developments, including without limitation, keeping or causing to be kept appropriate books and records, preparing and filing necessary reports and returns, making or causing to be made audits of books and accounts, retaining counsel, auditors and accountants, appraisers, and other persons or services as may be necessary for or incidental to any of the foregoing purposes.

(h) Have and exercise any and all powers, rights, and privileges that a corporation organized under the New York Not-For-Profit Corporation Law by such law may now or hereafter have or exercise.

(4) The corporation is a Type "A" corporation under Section 201 of the Not-for-Profit Corporation Law.

(5) The offices of the corporation shall be located at the Village/Town of Mount Kisco, County of Westchester and State of New York.

(6) The territory in which the corporation's activities are principally to be conducted is New York.

(7) The Secretary of State is designated as agent of the corporation upon whom process against it may be served, and the post office address within the State of New York which the Secretary of State shall mail a copy of any process against the corporation served upon it is c/o Thomas Singleton, Esq., 50 Main Street, Mt. Kisco, New York 10549.

(8) The qualification of the members, the manner of their admission to membership, and voting by members shall be as follows: There shall be one (1) membership for each lot in the proposed Wayside Subdivision which is now or may hereafter be created in the Village/Town of Mount Kisco, provided, however, that the association shall at no time have more than two hundred twelve (212) members. Membership shall be appurtenant to and may not be separated from ownership of a lot which is subject to assignment by the association.

(9) The association shall have two classes of voting membership:

CLASS "A"

Class "A" members shall be all the owners of lots with the exception of the Sponsor and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for each lot shall be exercised as the owners of each lot determine amongst themselves, but in no event shall more than one vote be cast for each lot.

CLASS "B"

Class "B" members shall be the Sponsor and shall be entitled to four (4) votes for each lot owned. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever happens earlier: (a) When the total votes outstanding in the Class "A" membership equals or exceeds the total votes outstanding in the Class "B" membership; or (b) on January 1, 1989 at which time the Sponsor shall not elect a majority of the board, notwithstanding the number of votes retained by the Sponsor.

(10) Control and management of the association shall be vested in the board of directors elected annually

by the members. Until such time as the declaration has been recorded and control of said board of directors has been turned over to the association, all the directors shall be designated by the Sponsor of the proposed Wayside Sub-division.

(11) The initial directors of the corporation shall be elected by the incorporator and shall adopt the By-Laws of the corporation.

IN WITNESS WHEREOF, I have made and signed this Certificate of Incorporation this 23rd day of May, 1984, and I affirm that the statements contained herein are true under penalties of perjury.

George J. Swander, (Incorporator)
Office & P.O. Address
Argonne Rd., P.O. Box 379
Brewster, New York 10509
(914) 279-5184

NYS DEPARTMENT OF STATE

FILING RECEIPT INCORPORATION (NOT FOR PROFIT)

CORPORATION NAME

GUARD HILL HOMEOWNERS' ASSOCIATION, INC.

DATE FILED

05/29/84

DURATION & COUNTY CODE

P

WEST

FILM NUMBER

8106120-7

CASH NUMBER

356570

NUMBER AND KIND OF SHARES

LOCATION OF PRINCIPAL OFFICE

MOUNT KISCO

COMMENTS:

TYPE 1

ADDRESS FOR PROCESS

S/S THOMAS SINGLETON ESQ.
50 MAIN ST.

MT. KISCO

NY 10549

REGISTERED AGENT

FEES AND/OR TAX PAID AS FOLLOWS

00050.00

AMOUNT OF CHECK \$

0.00

AMOUNT OF MONEY ORDER \$

AMOUNT OF CASH \$

050.00

\$ DOLLAR FEE TO COUNTY

FILER NAME AND ADDRESS

GEORGE J. SANDER, INCORPORATION
AROUND RD.
PT. JEFFERSON
NY 10549

\$
\$
\$
\$

FILING

TAX

CERTIFIED COPY

CERTIFICATE

010.00 MISCELLANEOUS
0000060.00

TOTAL PAYMENT \$

REFUND OF \$

TO FOLLOW

* * * * *
 *
 * CERTIFICATE OF AMENDMENT *
 *
 * OF THE *
 *
 * GUARD HILL HOMEOWNERS ASSOCIATION, INC. *
 *
 * Under Section 803 of the Not-for-Profit Corporation Law *
 *
 * * * * *

George J. Swander, P.C., Attorney
 Argonne Road, P. O. Box 379
 Brewster, New York 10509
 (914) 279-5184

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

- 79 -

(5) Paragraph 7 of the Certificate of Incorporation designating the Secretary of State to serve process, is changed as follows: The Secretary of State is designated as agent of the corporation upon whom process against it may be served, and the post office address within the State of New York which the Secretary of State shall mail a copy of any process against the corporation served upon it is c/o George J. Swander, P.C., Post Office Box 379, Argonne Road, Brewster, New York 10509.

(6) Paragraph 9 of the Certificate of Incorporation giving two classes of voting membership is hereby deleted in its entirety.

JOSEPH CIOCCOLANTI, sole shareholder of GUARD HILL DEVELOPMENT CORPORATION, the sole member of GUARD HILL HOMEOWNERS ASSOCIATION, INC., hereby consents to the Certificate of Amendment and hereby affirms that the statements contained herein are true under penalties of perjury.

IN WITNESS WHEREOF, I have signed this certificate on this 7th day of October, 1985.


JOSEPH CIOCCOLANTI

STATE OF NEW YORK)
COUNTY OF PUTNAM) SS:

On this 7th day of October, 1985, before me personally appeared JOSEPH CIOCCOLANTI, to me known and known to be the individual described herein and who executed the foregoing instrument, and duly acknowledged that he executed same.

Drina S. Knapp
Notary Public
DRINA S. KNAPP
Notary Public, State of New York
No. 4666936
Qualified in Westchester County
Certificate filed in Putnam County
Commission Expires March 30, 1986

FILING RECEIPT

CHG ADDRESS AND PROVISIONS

CORPORATION NAME

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

<u>DATE FILED</u>	<u>DURATION & COUNTY CODE</u>	<u>FILM NUMBER</u>	<u>CASH NUMBER</u>
11/07/85	WEST	B286348-4	620119
<u>NUMBER AND KIND OF SHARES</u>		<u>LOCATION OF PRINCIPAL OFFICE</u>	

TYPE A

<u>ADDRESS FOR PROCESS</u>	<u>REGISTERED AGENT</u>
S/S: G. J. SWANDER, P.C. POST OFFICE BOX 379 ARGONNE ROAD BREWSTER NY 10509	

FEES AND/OR TAX PAID AS FOLLOWS:AMOUNT OF CHECK \$ 00040.00

AMOUNT OF MONEY ORDER \$ _____

AMOUNT OF CASH \$ _____

\$ 6.00 DOLLAR FEE TO COUNTY

\$ 030.00 FILING TAX

FILER NAME AND ADDRESS\$ CERTIFIED COPY
\$ CERTIFICATEG. J. SWANDER, P.C.
ARGONNE RD., POB 379010.00 MISCELLANEOUS
TOTAL PAYMENT \$ 000040.00

BREWSTER

NY 10509

REFUND OF \$

TO FOLLOW

380604-003 (8/84)

GAIL S SHAFFER - SECRETARY OF STATE

EXHIBIT C

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of

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS
OF
GUARD HILL HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
APPLICABILITY OF BY-LAWS

Section 1. Applicability of By-Laws. The provisions of these By-Laws are applicable to Guard Hill Homeowners Association, Inc., a Not-For-Profit Corporation of the State of New York. The acceptance of a deed of conveyance of a Lot or the entering into a lease or the act of occupancy of a Home constructed on a Lot shall constitute an agreement that these By-Laws, the Rules and Regulations and provisions of the Declaration as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 2. Office. The office of the Association and of its Board of Directors shall be located at such place as designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Guard Hill Homeowners Association, Inc., a New York Not-For-Profit Corporation, its successors and/or assigns.

Section 2. "Subdivision Map" shall mean and refer to the Subdivision Map entitled: "Subdivision Plat of Wayside", filed in the Westchester County Clerk's Office, Division of Land Records, on January 29, 1985, as Map No. 21827.

Section 3. "Properties" shall mean and refer to that certain real property shown on the Subdivision Map and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Members of the Associa-

tion, and other than the individual Lots as shown on the Subdivision Map.

Section 5. "Lot" shall mean and refer to the numbered plots of land shown on the Subdivision Map with the exception of the Common Area.

Section 6. "Home" shall mean and refer to a residential unit situated on a Lot and attached to other Homes and forming a building.

Section 7. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Sponsor" and/or "Declarant" shall mean and refer to GUARD HILL DEVELOPMENT CORPORATION for as long as it continues to own any part of the Properties; its successors, assigns and grantees.

Section 10. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements applicable to the Properties to be recorded in the Office of the County Clerk, County of Westchester, Division of Land Records.

Section 11. "Institutional Lender" shall mean and refer to any bank, savings and loan association, insurance company, or mortgage company which holds a first mortgage on a Lot, together with the improvements thereon.

Section 12. "Board of Directors" shall mean and refer to the governing body of the Association.

ARTICLE III MEMBERSHIP

Section 1. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject to the covenants of record to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold any interest merely as security for

the performance of an obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section 2. Suspension of Membership. During any period in which a Member shall be in default in the payment of any assessment levied by the Association against his or her Lot, the right to use the recreational facilities of such Member and his immediate family may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member and his immediate family may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and recreational facilities.

ARTICLE IV PROPERTY RIGHTS; RIGHTS OF ENJOYMENT

Section 1. Use and Enjoyment. Each Member and his or her immediate family shall be entitled to the use and enjoyment of the Common Area and recreational facilities as provided in the Declaration. Any Member may delegate his or her rights of enjoyment of the Common Areas and recreational facilities to his tenants or contract purchasers, provided they reside in the Home on the Lot. Such Member shall notify the Secretary in writing of the name(s) of such delegee(s). The rights and privileges of such delegee(s) are subject to suspension to the same extent as those of a Member and his immediate family.

Section 2. Member's Guests. A Member's guests may use the Common Area and recreational facilities subject to the Rules and Regulations governing such areas promulgated by the Association.

Section 3. Rules and Conduct. Rules and Regulations concerning the use and maintenance of the Lots and Homes and the Common Area shall be promulgated and may be amended by the Board of Directors. A majority vote of Owners at a Meeting may overrule the Board. Copies of such Rules and Regulations shall be furnished by the Board of Directors to each Owner prior to the time when same shall become effective. Initial Rules and Regulations which shall be effective until amended by the Board of Directors are annexed hereto and made part hereof as Schedule "A" to By-Laws.

ARTICLE V
BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors which shall consist of a nine (9) persons (except during a period in which the Sponsor controls the Board of Directors which shall consist of three (3) persons); each of whom must be an Owner, except the original members of the Board of Directors shall be persons designated by the Sponsor, none of whom need be an Owner. The appointed individuals shall resign at the time of the first annual meeting ("Annual Meeting"), to be replaced by the members elected thereafter.

Section 2. Election. At the first Annual Meeting the Members shall elect three (3) of the Directors for a term of one year; three (3) of the Directors for a term of two years; and three (3) of the Directors for a term of three years; and at each Annual Meeting thereafter, the Members shall elect Directors to replace those Directors whose terms have expired, each for a term of three (3) years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the majority of the membership of the Association shall be filled by a majority vote of the remaining members of the Board of

Directors at a special meeting of such Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a majority; and each such person so elected shall be a member of the Board of Directors to serve the remaining term. In the event a member of the Board of Directors shall cease to be an Owner, his position on the Board of Directors shall be deemed vacant and shall be filled in accordance with this Section 6 of Article V hereof.

Section 7. Organization Meeting. The first meeting of the members of the Board of Directors following the first Annual Meeting of the Members shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the Members at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, provided a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings. Regular meetings ("Regular Meetings"), of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one (1) such Meeting shall be held once every quarter during each fiscal year. At the beginning of each fiscal year a schedule of Regular Meetings shall be set and notice sent to each Member of the Association. Written notice of Regular Meetings of the Board of Directors shall be given to each member of the Board of Directors at least three (3) business days prior to the date of such Meeting.

Section 9. Special Meetings. Special meetings ("Special Meetings"), of the Board of Directors may be called by the President on three (3) business days' notice to each member of the Board of Directors, given by mail or telegram, which notice shall state the time, place and purpose of the Meeting. Special Meetings of the Board of Directors shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) members of the Board of Directors.

Section 10. Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any Meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Actual attendance by a member of the Board of Directors at any Meeting of the board shall constitute a waiver of notice by him of the time and place thereof. If all members of the Board of Direc-

tors are present at any Meeting of the Board of Directors, no notice shall be required and any business may be transacted at such Meeting.

Section 11. Quorum of Board of Directors. At all Meetings of the Board of Directors a majority of the members elected or appointed and serving on the Board shall constitute a quorum for the transaction of business. For voting purposes, a majority vote includes a vote based on a majority of the members elected or appointed and serving on the Board. If at any Meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the Meeting from time to time. At any such adjourned Meeting at which a quorum is present, any business which might have been transacted at the Meeting originally may be transacted without further notice.

Section 12. Officers. At each Annual Meeting of the Board of Directors, the Board shall elect a President, Vice President, Secretary and Treasurer, all of whom shall be members of the Board of Directors. The officers of the Association shall serve at the pleasure of the Board of Directors and until their successors are elected. Upon the affirmative vote of a majority of the members of the Board of Directors any officer may be removed.

A. President. The President shall be the chief executive officer of the Association. He or she shall preside at all Meetings of the Association and of the Board of Directors, and shall hold general powers and duties which are incident to the office of a president of a stock corporation organized under the laws of the State of New York including, but not limited to, the power to appoint such committees from time to time as he or she may, in his or her discretion, decide are appropriate to assist in the conduct of the affairs of the Association.

B. Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be assigned or delegated to him or her by the Board of Directors or by the President.

C. Secretary. The Secretary shall keep the minutes of all Meetings of the Associa-

tion and of the Board of Directors; he or she shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of a secretary of a stock corporation under the laws of the State of New York.

D. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements 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. The Treasurer shall be responsible for the deposit of all monies and other valuable assets in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he or she shall, in general, perform all the duties incident to the office of the treasurer of a stock corporation organized under the laws of the State of New York.

Section 13. Agreements, Contracts, Leases, Deeds and Checks. All agreements, contracts, leases, deeds, checks and other instruments of the Association shall be executed by any two (2) officers of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 14. Fidelity Bonds. The Board of Directors shall use its best effort to obtain adequate fidelity bonds for any and all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute an Association expense.

Section 15. Liability of the Board of Directors and Owners. Any contract, agreement or commitment made by the Board of Directors shall state that it is made by the Board of Directors as agent for the Owners as a group only and that no member of the Board of Directors nor individual Owners shall be liable for such contract, agreement or commitment. The Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Owner shall be limited to such proportion of the total liability thereunder as his interest bears to the aggregate interest

of all Owners. The Board of Directors shall have no liability to the Owners in the management of the Association except for willful misconduct or bad faith and Owners shall severally indemnify all members of the Board of Directors against any liability or claims arising from acts taken by a member of the Board of Directors in accordance with his duties as such member except acts of willful misconduct or acts made in bad faith. Such several liability of the Owners shall, however, be limited as to each Owner to such proportion of the total liability thereunder as such Owner's interest bears to the aggregate interest of all Owners.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee ("Nominating Committee"). Nominations may also be made from the floor at the Annual Meeting. The Nominating Committee shall consist of three (3) Members appointed by the Sponsor as long as the Sponsor owns twenty-five (25) Lots, or four (4) years from the date the Declaration is recorded, whichever first occurs. Thereafter the Nominating Committee shall consist of a chairman who shall be a member of the Board of Directors, and two or more Members of the Association. After the Sponsor ceases control, the Nominating Committee shall be appointed by the Board of Directors prior to each Annual Meeting of the Members to serve from the close of such Annual Meeting until the close of the next Annual Meeting, and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Prior to the first Annual Meeting, such nominations may be made from among Members or non-members. Subsequent to the first Annual Meeting, nominations may only be made from among Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the following powers:

A. To adopt and publish Rules and Regulations governing the use of the Common Area and recreational facilities thereof, and the personal conduct of Members, their immediate family and guests thereon; to amend same from time to time; and to establish penalties for the infraction thereof. Rules and Regulations and amendments there-to shall be binding upon the Members, their immediate family and guests when the Board has approved them in writing and delivered a copy of such Rules and Regulations and all amendments to each Member.

B. To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

C. To open bank accounts on behalf of the Association and designate the signatories required therefor;

D. To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

E. To employ workers, 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 powers of a manager in connection with the matters hereinabove set forth. So long as the Sponsor is in control of the Board of Directors, it will not enter into any contract which will bind the Association for a period in excess of three (3) years, unless the Contract provides that it may be cancelled by the Association upon ninety (90) days' notice; and

F. To appoint such committees as deemed appropriate in carrying out its purposes.

G. 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.

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

I. To buy or lease Homes and to take any steps necessary to repair or renovate any Home so acquired or leased and to vote as Owner, offer for sale or lease such Home, or take any other steps regarding such Home as shall be deemed proper by the Board of Directors.

J. To make additions, alterations, or improvements to the Common Area as allowed by the Declaration.

K. To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Area and the area of the Properties maintained by the Association, provided, however, that (1) ~~the consent of~~ at least sixty-six and two-thirds (66-2/3rds) percent in number of all Home Owners, obtained at a Meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of TEN THOUSAND (\$10,000.00) DOLLARS; and (2) no lien to secure repayment of any sum borrowed may be created on any Lot or its interest in the Association without the written consent of the Owner of said Lot.

L. To act as an agent of each Owner who has given his written authorization to complain or apply to the local and county real estate tax assessment agency board of review by filing a single complaint on behalf of all such Owners pursuant to the applicable sections of the Real Property Tax Law; and to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person pursuant to the applicable sections of

the Real Property Tax Law. The Board of Directors may retain legal counsel on behalf of all Owners for which it is acting as agent and charge all such Owners a pro-rata share of expenses, disbursements, and legal fees for which charges the Board of Directors shall have a lien pursuant to Article IX of these By-Laws.

M. To enter into and upon the Lots when necessary and at as little inconvenience to the Owners as possible in connection with the maintenance, care and preservation of the Property.

Section 2. Duties. It shall be the duty of the Board of Directors to, but not be limited to:

A. Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members or at any Special Meeting of the Members when such statement is requested in writing by one-fourth (1/4th) of the Members who are entitled to vote, (subsequent to Sponsor relinquishing control of the Board of Directors);

B. Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

C. As more fully provided herein and in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article IX; and

(2) Send written notice of each assessment to every Owner subject thereto, at least thirty (30) days in advance of each annual assessment period.

D. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable

charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

E. Procure and maintain adequate liability and hazard insurance, workers' compensation and disability insurance (both if necessary), and other insurance as is necessary and deemed appropriate on property owned or maintained by the Association, to include Directors' liability insurance. In addition, adequate fire insurance with extended coverage will be obtained for the Common Area, buildings and improvements;

F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

G. Cause the Common Area, the Lots to the extent applicable, and the recreational facilities to be maintained; and

H. Cause the exterior of the Homes to be maintained as outlined in Article VIII of the Declaration.

I. Exercise architectural control as set forth in Article VII of the Declaration.

J. Insure adequate insurance policies are in effect for Owners as set forth in Article XI of the Declaration and to take appropriate administrative steps to insure compliance with same.

ARTICLE VIII MEETINGS OF MEMBERS; VOTING

Section 1. Meetings. The first Annual Meeting of the Association shall take place within thirty (30) days after the fourth (4th) anniversary date of filing the Declaration, or upon transfer of the one hundred eighty-seventh (187th) Lot to a purchaser, whichever first occurs; and thereafter, on or about the anniversary date of the first Annual Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to

time fixed by the Directors and designated in the notices of such Meetings.

★ Section 2. Notice. The Secretary shall mail notices of meetings to each Member of the Association, directed to his last known post office address as shown on the records of the Association, by regular mail, postage prepaid. Such notice shall be mailed not less than ten (10) days nor more than fifteen (15) days before the due date of such Meeting and shall state the date, time and place of the Meeting and the purpose or purposes thereof. In lieu of mailing, said notice may be left at the usual place of residence or business of the Member.

Section 3. Special Meetings. It shall be the duty of the President to call a Special Meeting of the Members of the Association whenever he is directed to do so by resolution of the Directors or upon written request of one-quarter (1/4th) of the Members who are entitled to vote thereon. This duty shall not arise until such time subsequent to the holding of the first Annual Meeting.

Section 4. Notice of Special Meeting. The Secretary shall cause notice of such Meeting to be given to each Member of the Association in the manner provided in Section 2 of this Article, except that notice of such Meetings shall be given not less than five (5) nor more than ten (10) days before the date fixed for such Meeting. No business shall be transacted at any Meeting except as stated in the notice thereof unless by consent of two-thirds (2/3rds) of the Members present either in person or by proxy.

Section 5. Membership List. The Secretary shall compile and shall keep up to date at the principal office of the Association a complete list of the Members and their last known post office addresses. This list shall be open to inspection by all Members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute books of the Association containing the minutes of all Meetings of the Association and Board of Directors and all resolutions of the Directors.

Section 6. Voting. Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III herein. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for each Lot shall be exercised as the Owners of each Lot shall

determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

Notwithstanding the above, as long as Sponsor owns twenty-five (25) Lots, or for a period not to exceed four (4) years from the date the Declaration is filed, whichever first occurs, only the Sponsor may vote or appoint members of the Board of Directors.

Section 7. Entitlement to Vote. In no event may Members' voting rights be suspended for non-payment of assessments.

Section 8. Quorum. Except as otherwise provided by these By-Laws, the presence in person or by proxy of a majority of the Members of the Association shall constitute a quorum at any meeting of Members. If any meeting of Members cannot be organized because a quorum has not attended, the Members present, either in person or by proxy, may adjourn the Meeting to a time not less than forty-eight (48) hours from the time the original Meeting was called. In the event of any such adjourned Meeting, no further notice of the adjourned date need be given to any of the Members.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. A proxy may be given by a Member to an Institutional Lender which holds the mortgage on such Member's Lot.

Section 10. Order of Business. The order of business at all Meetings of the Members of the Association 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. Reports of Officers
- E. Reports of Committees
- F. Unfinished Business
- G. New Business
- H. Adjournment

ARTICLE IX
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. This Section is governed by Section 1 of Article V of the Declaration.

Section 2. Purpose of Assessments; Responsibilities of Association. This Section is governed by Section 2 of Article V of the Declaration.

Section 3. Annual Assessments. This Section is governed by Section 3 of Article V of the Declaration.

Section 4. Special Assessments for Capital Improvements. This Section is governed by Section 4 of Article V of the Declaration.

Section 5. Rate of Assessment. This Section is governed by Section 5 of Article V of the Declaration.

Section 6. Sponsor's Obligation. Notwithstanding anything to the contrary contained in the Declaration or these By-Laws, the Sponsor covenants and accepts its obligation to pay Association Charges and special assessments (except as limited herein) for each Lot it owns.

Section 7. Date of Commencement of Annual Assessments; Due Dates. This Section is governed by Section 7 of Article V of the Declaration.

Section 8. Effect of Non-Payment of Assessments; Remedies of the Association. This Section is governed by Section 8 of Article V of the Declaration.

Section 9. Subordination of the Lien to Mortgages. This Section is governed by Section 9 of Article V of the Declaration.

Section 10. Exempt Property. This Section is governed by Section 10 of Article V of the Declaration.

ARTICLE X MORTGAGES

Section 1. Notice to Association. This Section is governed by Section 1 of Article VI of the Declaration.

Section 2. Notice of Unpaid Assessments. This Section is governed by Section 2 of Article VI of the Declaration.

Section 3. Notice of Default. This Section is governed by Section 3 of Article VI of the Declaration.

ARTICLE XI
BOOKS, RECORDS, AND REPORTS

Section 1. Books and Records. The books and records and all papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member and the Institutional Lender of any Member. The Declaration, Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member and the Institutional Lender of any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 2. Reports. An annual report of the receipts and expenditures of the Association, certified by an independent certified public accountant, shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same, promptly after the end of each fiscal year.

ARTICLE XII
CERTAIN ADDITIONAL REMEDIES

Section 1. Self Help. If any Owner shall violate or breach any of the provisions of the Declaration, these By-Laws or the Rules and Regulations (the "Association Documents"), and shall fail to cure such violation or breach within three (3) days after receipt of written notice of the same from the Board of Directors or the Managing Agent (or, with respect to any violation or breach not reasonably susceptible to cure within such period, to commence such cure within such three-day period and thereafter to prosecute such cure with due diligence to completion); the Board of Directors shall have the right to summarily abate, remove, or cure such violation or breach or commencement of same without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Board of Directors shall determine that the abatement, removal or cure of any such violation or breach is immediately necessary for the preservation or safety of the Properties or for the safety of the Owners or other individuals or is required to avoid the suspension of any necessary service, the Board of Directors may take action immediately, without prior notice and without allowing the said Owner any period of time with-

in which to cure or to commence to cure such violation or breach.

Section 2. Abatement and Enjoinment.

A. In the event that any Owner shall violate or breach any of the provisions of the Association Documents, the Board of Directors shall have the right to enjoin, abate or remedy the commencement, continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

B. The violation or breach of any of the terms of the Association Documents with respect to any of the rights, easements, privileges, or licenses granted to Sponsor or its designee, shall give Sponsor or such designee the right to enjoin, abate or remedy the commencement, continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

Section 3. Remedies Cumulative. The remedies specifically granted to the Board of Directors or the Sponsor or its designee shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity, and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Board of Directors or the Sponsor or Sponsor's designee, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise of any other remedy.

Section 4. Costs and Expenses. All sums of money expended, and all costs and expenses incurred, by (A) the Board of Directors in connection with the abatement, enjoinder, removal or cure of any violation, breach or default (or commencement of same) committed by an Owner pursuant to the terms of Section 1 or Paragraph (A) of Section 2 hereof; or (B) Sponsor in connection with any abatement, enjoinder, or remedy of any violation or breach (or commencement of same) of the Association Documents pursuant to the terms of Paragraph (B) of Section 2 hereof, shall immediately be payable by (A) the Owner to the Association in the event set forth in (A) of this Section 4; or the offending party (i.e., the Board of Directors or the Owner) to the Sponsor in the event set forth in Paragraph (B) of this Section 4; which amount shall, in either event, bear interest, to be computed from the date expended, at the maximum rate of interest legally chargeable to

such party. All sums payable by an Owner to the Board of Directors pursuant to the terms of this Section 4 shall, for all purposes hereunder, constitute an assessment payable by such Owner.

ARTICLE XIII
NOTICES

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

The Association shall have a seal in circular form having within its circumference the words: "Guard Hill Homeowners Association, Inc., New York 1984".

ARTICLE XV
AMENDMENTS

Section 1. Amendments. These By-Laws may be amended, at a Regular or Special Meeting of the Members, by the assent of two-thirds (2/3rds) vote of the Members who are voting in person or by proxy. Any amendment which adversely affects the interest of the Sponsor shall be effective only if the prior written consent of said Sponsor is obtained, so long as Sponsor is the Owner of a Lot.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control;

and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVI
FISCAL YEAR

The fiscal year of the Association shall be as determined by the Board of Directors.

ARTICLE XVII
MISCELLANEOUS

Section 1. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

Section 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and do not define, limit, or describe the scope of these By-Laws, or the intent of any provisions thereof.

Section 3. Waiver. No restrictions, condition, obligation or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Sponsor's Rights. Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor or its designee shall continue to own at least twenty-five (25) Lots as defined herein, but in no event later than four (4) years from the date the Declaration is filed, the Board of Directors may not, without the Sponsor's prior written consent, (A) make any addition, alteration or improvement to the Common Area; or (B) assess any Association Charges for the creation of, addition to, or replacement of, all or part of a reserve, contingency or surplus fund; or (C) enter into a service or maintenance contract for work not covered by contracts in existence on the date the Declaration is filed; or (D) borrow money on behalf of

the Association; or (E) increase or decrease the services or maintenance set forth in the Projected Budget of the Williamsburg Ridge Offering Plan; or (F) purchase any materials, equipment or other goods costing in excess of ONE THOUSAND (\$1,000.00) DOLLARS. Sponsor 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 Sponsor is in control of the Board of Directors, no mortgage liens shall be placed on the Common Area after completion of construction without the consent of at least fifty-one (51%) percent of the Owners other than Sponsor or Sponsor's designee.

EXHIBIT C

SCHEDULE "A"

RULES AND REGULATIONS

FOR

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

(1) The Homes shall be used for residences only, except that they may be used as professional offices by a resident thereof, provided such professional use does not violate local zoning regulations regarding use of a Home for business purposes as defined in the single family residential zone; and provided further that the prior consent of the Board of Directors to such professional use is obtained.

(2) No industry, business, trade, occupation or profession (except as allowed herein) of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained, or permitted on any part of the Properties nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted on any Lot or in any Home therein nor shall any Home be used or rented for transient, hotel or motel purposes. The right is reserved by the Sponsor to place "For Sale", "For Rent", or "For Lease" signs on any unsold or unoccupied Home, but in no event will any such sign be larger than one (1) foot by two (2) feet. Notwithstanding this provision or any other provision to the contrary, Homes may be used as a professional office by a person who also resides on the premises. Said professional use is subject to applicable governmental regulations and the prior written permission of the Board of Directors. However, no illuminated or other sign may be used in connection with said use excepting only a professional shingle, non-illuminated and not larger than the size permitted by the local building requirements, with the approval of the Board of Directors.

(3) Nothing shall be done or kept in any Home or on any Lot, or the Common Area, which will increase the rate of insurance on the building in which the Home is located or the contents thereof, without the prior consent of the Board of Directors. No Homeowner shall permit anything to be done or kept in his Home or on his Lot or in the Common Area which will result in the can-

cellation of insurance on the building in which the Home is located, the Home itself or the contents thereof, or which would be in violation of any law. No Owner or occupant or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his Home any flammable, combustible, or explosive fluid, material, chemical or substance in such quantity or under such conditions as to create a dangerous condition, or which would result in any increased rate of insurance. The Board of Directors' opinion in this regard shall be conclusive.

(4) All radio, television or other electrical equipment of any kind or nature installed or used in each Home shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters, and the public authorities having jurisdiction, and the Owner alone shall be liable for any damage or injury caused by any radio, television, or other electrical equipment in such Home. No radio or television aerial or other similar device shall be erected on the roof or exterior walls of any building or the Lot (as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements).

(5) Nothing shall be done in any Home or on any Lot or to the Common Area which will impair the structural integrity of any building or Home, or which would structurally change any of the buildings.

(6) Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board of Directors.

(7) No animals or reptiles of any kind shall be raised, bred or kept in any Home or on any Lot or in the Common Area, except that dogs and cats or other household pets, not to exceed a total of two (2) per Lot, may be kept in Homes subject to the Rules and Regulations adopted by the Board of Directors, provided that they are not kept, bred or maintained for any commercial purposes; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Properties subject to these restrictions, upon three (3) days' written notice from the Board of Directors. In no event shall any animal be permitted in any portion of the Common Area unless carried or on a leash, or in any grass or garden plot under any circumstances.

(8) No noxious or offensive activity shall be carried on in any Home or on any Lot or in the Common Area, nor shall anything be done therein, either willfully or

negligently, which may be or become an annoyance or nuisance to the other Owners or occupants.

(9) There shall be no obstruction of the Common Area nor shall anything be stored in or on the Common Area without the prior consent of the Board of Directors except as hereinafter expressly provided.

(10) Except in areas designated by the Board of Directors, there shall be no playing, lounging or parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs, on any part of the Common Area.

(11) No clothes, sheets, blankets, laundry of any kind or other article shall be hung out of a Home or exposed, nor shall any rugs or mops be shaken or hung from or on any of the windows, doors, balconies or patios of a Home, nor shall an Owner sweep, throw or permit to be swept or thrown therefrom any dirt or other substance. The Common Area and Lots shall be kept free and clear of rubbish, debris and other unsightly materials.

(12) Each Owner shall keep his Home and Lot in a good state of preservation and cleanliness and each Owner shall be obligated to maintain and keep in good order and repair his own Home in accordance with the provisions of these By-Laws.

(13) Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of his Home or on his Lot; and no sign, awning, canopy, shutter, window air conditioners or other projections of any kind shall be fixed to or placed upon the exterior walls or doors, roof or any part thereof, or exposed on or at any window, without the prior consent of the Board of Directors; which consent shall be completely discretionary.

(14) No washing of automobiles shall take place on any part of the Properties, nor shall the parking areas be used for any purpose other than to park passenger vehicles.

(15) The Board of Directors may assign individual parking spaces to Owners or occupants. In addition, the Board of Directors may promulgate and enforce reasonable parking regulations.

(16) The agents of the Board of Directors or the managing agent, and any contractor or workman authorized by the Board of Directors or the managing agent, may enter any Home in the building at any reasonable hour of the

day for the purpose of inspecting such Home for the presence of vermin, insects or other pests and for the purpose of taking such measurements as may be necessary to control or exterminate any such vermin, insects or other pests.

(17) The only garbage cans or garbage bins to be used on the Properties, shall be those provided by the Sponsor or the Board of Directors.

(18) The Board of Directors or its designated agent, may retain a passkey to the Homes for emergency purposes. No Owner shall alter any lock or install a new lock on any door of his or her Home without the written consent of the Board of Directors. In the event such consent is given, the Owner shall provide the Board of Directors or its agent, with an additional key pursuant to its right of access to the Home.

(19) The Board of Directors or its designee shall have the right of access to any Home for the purposes of making inspections, repairs, replacements or improvements or to remedy certain conditions which would result in damage to other portions of the buildings.

(20) Any consent or approval given under these Rules and Regulations may be added to, amended or repealed, at any time by resolution of the Board of Directors.

EXHIBIT D

MANAGEMENT AGREEMENT

AGREEMENT made this _____ day of _____, 198__ between GUARD HILL HOMEOWNERS ASSOCIATION, INC., a New York Not-For-Profit Corporation, with offices in Mount Kisco, New York 10549, its successors and/or assigns, (hereinafter referred to as the "Association"); and EAGLE RIVER MANAGEMENT CORPORATION, a New York corporation with offices at Route 6 and Simpson Road, Carmel, New York 10512, (hereinafter referred to as the "Agent").

W I T N E S S E T H :

That in consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto mutually agree as follows:

FIRST: A. The ASSOCIATION hereby appoints the AGENT, and the AGENT hereby accepts the appointment, on the terms and conditions hereinafter provided, as exclusive Managing Agent for the ASSOCIATION, its successors and/or assigns.

B. The AGENT fully understands that the function of the ASSOCIATION is the operation and management of its Property and that of its Lot Owners; and the AGENT agrees, notwithstanding the authority given to the AGENT in this Agreement, to confer fully and freely with the Directors of the ASSOCIATION in the performance of its duties set forth and to attend ASSOCIATION membership meetings or Directors' meetings at times requested by the ASSOCIATION, such attendance by the AGENT shall be without charge or expense to the ASSOCIATION. It is further understood and agreed that the authority and duties conferred upon the AGENT hereunder are confined to the Common Elements and Limited Common Elements, Common Areas, and Common Facilities as same is defined in the Declaration of Covenants, Conditions, Restrictions and Easements, (the "Declaration"). In addition, the AGENT shall be responsible for the Recreational Facilities owned by the ASSOCIATION. The AGENT shall perform those specific management functions described in Schedule A, attached hereto.

SECOND: The AGENT shall hire in its own name all personnel necessary for the efficient discharge of the duties of the AGENT hereunder. Compen-

sation for the services of such employees shall be the responsibility of the AGENT. Those employees of the AGENT who handle or are responsible for the handling of the ASSOCIATION'S monies shall, without exception be bonded by a fidelity bond acceptable to the AGENT and the ASSOCIATION.

THIRD: Under the personal and direct supervision of one of its principal officers, the AGENT shall render services and perform duties as follows:

A. Maintain businesslike relations with Lot Owners whose service requests shall be received, considered and recorded in systematic fashion in order to show the action taken with respect to each.

B. Collect all monthly Association Charges and special assessments, if any, due from Lot Owners; all of which collections or receipts are to be deposited in the checking account further described below in Subsection (H) of this Article. The ASSOCIATION, acting for itself, alone shall be responsible for the establishment of all Association Charges or special assessments. The AGENT shall perform other financial duties as described in Schedule B attached hereto.

C. Cause the buildings, appurtenances and grounds of the ASSOCIATION to be maintained within the budget provided by the ASSOCIATION, with outside labor, including, but not limited to, exterior cleaning, painting and decorating, plumbing, carpentry, and such other normal maintenance and repair work as may be necessary for the upkeep of the Common Elements and Limited Common Elements and Recreational Facilities, subject to any limitations imposed by the ASSOCIATION in addition to those contained herein, in accordance with Schedule C attached hereto. The AGENT shall not incur liabilities which will at any time exceed the aggregate of \$300.00 unless specifically authorized by the ASSOCIATION, except in the event of emergency repairs involving manifest danger to life or property or which are immediately necessary for the preservation and safety of the property, or for the safety of the Lot Owners, or required to avoid the suspension of any necessary service to the ASSOCIATION. Notwithstanding this authority as to emergency repairs, it is understood that the AGENT will, if at all possible, confer immediately with the Board of Directors or its representatives regarding any such emergency. The AGENT shall not incur liabilities (direct or contingent) which will at any time exceed the aggregate of

\$1,000.00 or any liability maturing more than one year from the creation thereof, without first obtaining the approval of the ASSOCIATION.

D. Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, and orders of any insurance carrier providing insurance to the ASSOCIATION, subject to the same limitations contained in Paragraph (C) of this Article in connection with the making of repairs and alterations. The AGENT, however, shall not take any action under this Paragraph (D) as long as the Board of Directors is contesting any such order or requirement. The AGENT shall promptly, and in no event later than 48 hours from the time of receipt, notify the Board of Directors in writing of all such orders and requirements.

E. Subject to approval of the Board of Directors, make contracts for vermin extermination, garbage removal, and other necessary services not covered in this Agreement, or such of them as the Board of Directors shall deem advisable. Also, place orders for such materials and supplies, not covered in this Agreement, as are necessary to properly maintain the ASSOCIATION property. All such contracts and orders shall be made in the name of the ASSOCIATION and shall be subject to the limitations set forth in Paragraph (C) of this Article. When taking bids if issuing purchase orders, the AGENT shall act at all times under the direction of the Board of Directors and shall be under a duty to secure for and credit to the latter any discounts, commissions, or rebates obtainable as a result of such purchases.

F. When authorized by the Board of Directors, cause to be placed and kept in force all forms of insurance needed adequately to protect the Board of Directors, the Lot Owners and the Mortgagees holding mortgages covering Lots, as their respective interests appear (or as required by law), including, but not limited to, Workers' Compensation Insurance, officers' and directors' liability, public liability insurance, fire, extended coverage, burglary, and theft insurance. The AGENT shall promptly investigate and report all accidents or claims for damages relating to the Common Elements, Limited Common Elements and Recreational Facilities and deal with the investigators and adjusters of insurance companies. The AGENT shall also give written notice of all claims for damages to any insurance company providing insurance coverage to the ASSOCIATION. Refer to Schedule A,

Line G, attached hereto. Notwithstanding the foregoing, the AGENT shall have no right or authority to settle or compromise any insurance claim by or against the ASSOCIATION without the express written approval of the ASSOCIATION'S Board of Directors.

G. From the funds collected and deposited in the checking account hereinafter provided, cause to be dispersed regularly and punctually: (1) fire and other property insurance premiums in the amount specified in the Approved Operating Budget; (2) sums otherwise due and payable by the ASSOCIATION as an operating expense authorized or to be incurred under the terms of this Agreement including the AGENT'S commission; (3) daily pickup of all ASSOCIATION correspondence at the ASSOCIATION'S mailbox; (4) correspondence other than the ASSOCIATION'S invoices to the proper Board Members and general correspondence will be presented regularly at scheduled Board meetings. (5) Handling Procedures for Invoices: (5a) All invoices will be processed by the AGENT monthly. All invoices will be recorded on a duplicate voucher and a check will be prepared for signatures. (5b) Disbursement of Vouchers: One copy of each voucher will be filed in the AGENT'S file, one copy will be attached to the check and forwarded to the ASSOCIATION'S Treasurer. Upon approval and signing, the voucher will be filed by the Treasurer for the ASSOCIATION'S records. The AGENT will then pick up and mail payments.

H. The AGENT shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties under this Agreement.

FOURTH: Everything done by the AGENT under the provisions of Article THIRD shall be done as AGENT of the ASSOCIATION, and all obligations or expenses incurred thereunder shall be for the account of, on behalf of, and at the expense of the ASSOCIATION, except that the ASSOCIATION shall not be obligated to pay the overhead expenses of the AGENT'S office. Any payment to be made by the AGENT hereunder shall be made out of such sums as are available in the checking account.

FIFTH: The sole compensation which the AGENT shall be entitled to receive for all services performed under this Agreement shall be a fee computed and payable as follows: \$14.00 per Lot per month. Payments will be made monthly, on the 15th day of each month, based upon the number of Lots declared on the first day of each month.

SIXTH: A. This Agreement shall be in effect for a term of one (1) year from the date hereof, except that the ASSOCIATION shall have the option to renew this Agreement, with an increase not to exceed TEN (10%) PERCENT per renewal, on the same terms and conditions as set forth herein, for two (2) additional one (1) year periods. If the ASSOCIATION decides not to renew this Agreement, it shall notify the AGENT not later than thirty (30) days prior to the expiration of the term.

B. This Agreement may be terminated by either party as of the end of any calendar month, but not without prior ninety (90) days' written notice to the other party of the election to terminate.

C. Upon termination of this Agreement, the contracting parties shall account to each other with respect to all matters outstanding as of the date of termination, including the delivery by the AGENT to the ASSOCIATION of all funds, records, contracts, agreements or other documents or assets of the ASSOCIATION in the control or possession of AGENT; and each party shall furnish to the other mutually satisfactory security against any outstanding obligations or liabilities then outstanding.

SEVENTH: Except as otherwise specifically provided for herein, the AGENT shall have no power or authority to make any commitments which shall be binding upon the ASSOCIATION.

EIGHTH: AGENT has reviewed and is fully familiar with the ASSOCIATION By-Laws and the proposed Declaration, and will make itself familiar with the recorded Declaration, and hereby agrees that notwithstanding any duty, obligation or right granted to AGENT pursuant to the provisions of this Agreement, AGENT will not perform any act or do any undertaking which would violate or breach the provisions contained in said ASSOCIATION By-Laws and Declaration.

NINTH: This Agreement is being executed and delivered in the State of New York and it shall be governed and construed and interrupted in accordance with the laws thereof.

TENTH: All notices, demands, requests and the like, and other instruments required or permitted to be given pursuant to the terms hereof, shall be in writing, and shall be deemed to have been properly given if delivered by hand or deposited in the United States mail, postage prepaid, addressed to the other party at the address hereinbefore stated, or at such other address as each party may establish from time to time by notice given, in writing, in accordance with this Paragraph TENTH.

ELEVENTH: This Agreement replaces and supersedes in their entirety, all prior agreements and understandings, if any, between the parties hereto.

TWELFTH: It is understood and agreed that the AGENT may make no transfer or assignment of any interest in this Agreement without the express written permission of the ASSOCIATION, and that any attempt at such transfer or assignment shall, at the ASSOCIATION'S option, constitute a termination of this Agreement.

THIRTEENTH: It is understood and agreed that there are a number of conditions which are beyond the AGENT'S control which may require extra work. These situations will be covered by Schedule D, attached hereto.

FOURTEENTH: The AGENT understands, agrees and acknowledges that no officer or director of the ASSOCIATION is liable for any amount, fee or compensation due to AGENT under this Agreement, except as such officer or Director may be so liable as a Lot Owner.

FIFTEENTH: This Agreement shall constitute the entire Agreement between the contracting parties, and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement, in writing, executed and approved in the same manner as this Agreement.

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

EAGLE RIVER MANAGEMENT
CORPORATION

By: _____

GUARD HILL
HOMEOWNERS ASSOCIATION, INC.

By: _____

GUARD HILL HOMEOWNERS ASSOCIATION

SCHEDULE "A"

TO

MANAGEMENT AGREEMENT

MANAGERIAL ITEMS

- A. Obtain contract bids for work on Common Area.
- B. Arrange and supervise work done by independent contractors.
- C. Prepare a monthly report to the Board on all progress, procedures and issues that affect the Association.
- D. Receive and document all calls and correspondence (on a 24-hour, 7-day per week basis).
- E. Oversee all labor and equipment needed to perform required services.
- F. Maintain in full force and effect all insurance that is required by the Declaration and By-Laws, of the Association (subject to approval by the Board of Directors as to the insurance carrier(s) with which the policies are to be made and cost(s) thereof).
- G. Handle all insurance claims for damage to Association Common Property (up to \$10,000.00) per occurrence. Claims in excess of this amount may, at the option of the Board of Directors, be handled by the AGENT at an hourly administrative rate of \$25.00 per hour or referred to the Association's legal counsel.

GUARD HILL HOMEOWNERS ASSOCIATION

SCHEDULE "B"

TO
MANAGEMENT AGREEMENT

FINANCIAL ITEMS

- A. Monthly billing of all Association Charges.
- B. Accounts Receivable processing.
- C. Preparation of monthly financial report.
- D. Monthly posting to General Ledger and Journal.
- E. Work with the Association's accountant to prepare the annual corporation tax returns.
- F. Render advice to and answer questions from Board members, Lot Owners, closing attorneys, and Declarant, regarding budgets, replacement reserves, Association Charge payments and balances, and other miscellaneous information.
- G. Not later than sixty (60) days from the end of the Association's fiscal year or the earlier termination of the Agreement as the case may be, the Agent shall supply the Association with a complete set of financial statements setting forth the Association's financial condition as of the end of said fiscal year and accounting for the income and expense of all funds collected by the Agent for the Association whether as Association Charges or special assessments; and if required by the Board of Directors, said report shall be certified by a certified public accountant licensed to do business in the State of New York, which certified report shall be at the expense of the Association.
- H. Collect and deposit Association Charge payments (including compiling a monthly list of delinquent Lot Owners).
- I. Prepare checks based upon voucher requests (Board of Directors would sign the checks).
- J. Maintain balance in checkbook and reconcile accounts.

- K. Arrange for preparation of year-end Audit Report by an outside firm.
- L. Participate in setting budgets and replacement reserves.
- M. Maintain all records, including vendors' invoices and other pertinent documents (i.e., contracts, insurance documents).
- N. Attend Annual Association Members' Meeting.

GUARD HILL HOMEOWNERS ASSOCIATION

SCHEDULE "C"

TO

MANAGEMENT AGREEMENT

MAINTENANCE ITEMS

A. Grounds and Landscaping:

- (1) Mow complex weekly as needed (at Board's discretion).
- (2) Edge all sidewalks when mowing and trim all hedges.
- (3) Weed all areas periodically.
- (4) Fertilize shrubs, plantings and grass or lawn as needed.
- (5) Spot seed or sod as needed.
- (6) Water as needed.
- (7) Remove cut grass and debris from all areas weekly, more frequently if needed.
- (8) Vacuum or rake leaves and remove from premises periodically during the fall months.
- (9) Replenish wood chips as necessary.
- (10) Check and inspect shrubs, trees and plantings for disease and advise Board of their condition and possible remedial action.

B. Seasonal Items - Summer and Fall

- (1) Open pool in the spring and make all necessary repairs.
- (2) Maintain pool from May 1st through September 1st.
- (3) Winterize pool in September.
- (4) Provide all chemicals to maintain pool.

- (5) Interview, secure and supervise lifeguard.
- (6) Clean area around pool and remove debris on a daily basis.
- (7) Vacuum pool and check filters daily.
- (8) Test with required chemicals and treat water as indicated daily.
- (9) Backwash filters at least once a week, or as needed, and clean tiles as needed.
- (10) Clean and disinfect the washrooms/changing rooms of the pool cabanas.
- (11) Maintain cabana and pool areas to insure a safe, clean and sanitary environment; replace supplies as needed (furnished by Association).
- (12) Prepare tennis courts for seasonal use.

C. Seasonal Items - Winter

- (1) Clean all sidewalks, front steps, front platforms, walkways, and stairways of snow and ice promptly after each storm.
- (2) Sand all sidewalks, front steps, front platforms, walkways and stairways or apply ice-melting material, as needed.
- (3) In the event of a heavy snowstorm, and when approved by the Board of Directors, snow will be removed to a designated area.
- (4) During any night storm, all roadways and driveways will be plowed as soon as possible.
- (5) Upon one and one-half (1-1/2") inches to two (2") inches of snowfall, plowing will begin.
- (6) Sand and salt all roadways and driveways as needed.

D. General

- (1) Clean dumpster areas weekly and hose down if necessary.

- (2) Keep mailbox stations in good repair.
- (3) Clean and sweep sidewalks as necessary.
- (4) Sweep parking lots and roadways at least two (2) times annually.
- (5) Replace bulbs and spotlights in Common Areas as needed.
- (6) Maintain fencing and railings.
- (7) Clean gutters and leaders at least once annually, otherwise as needed.
- (8) Paint and stain all areas as requested by the Board of Directors.
- (9) Maintain soil levels around buildings and drain pipes.
- (10) Maintain walkways and stairways to insure safe and operable conditions.
- (11) Periodically inspect exterior of buildings and report findings to the Board of Directors with suggestions for remedial action.
- (12) Conduct a weekly walk-around inspection of all areas of the Association common ground.

GUARD HILL HOMEOWNERS ASSOCIATION

SCHEDULE "D"

TO

MANAGEMENT AGREEMENT

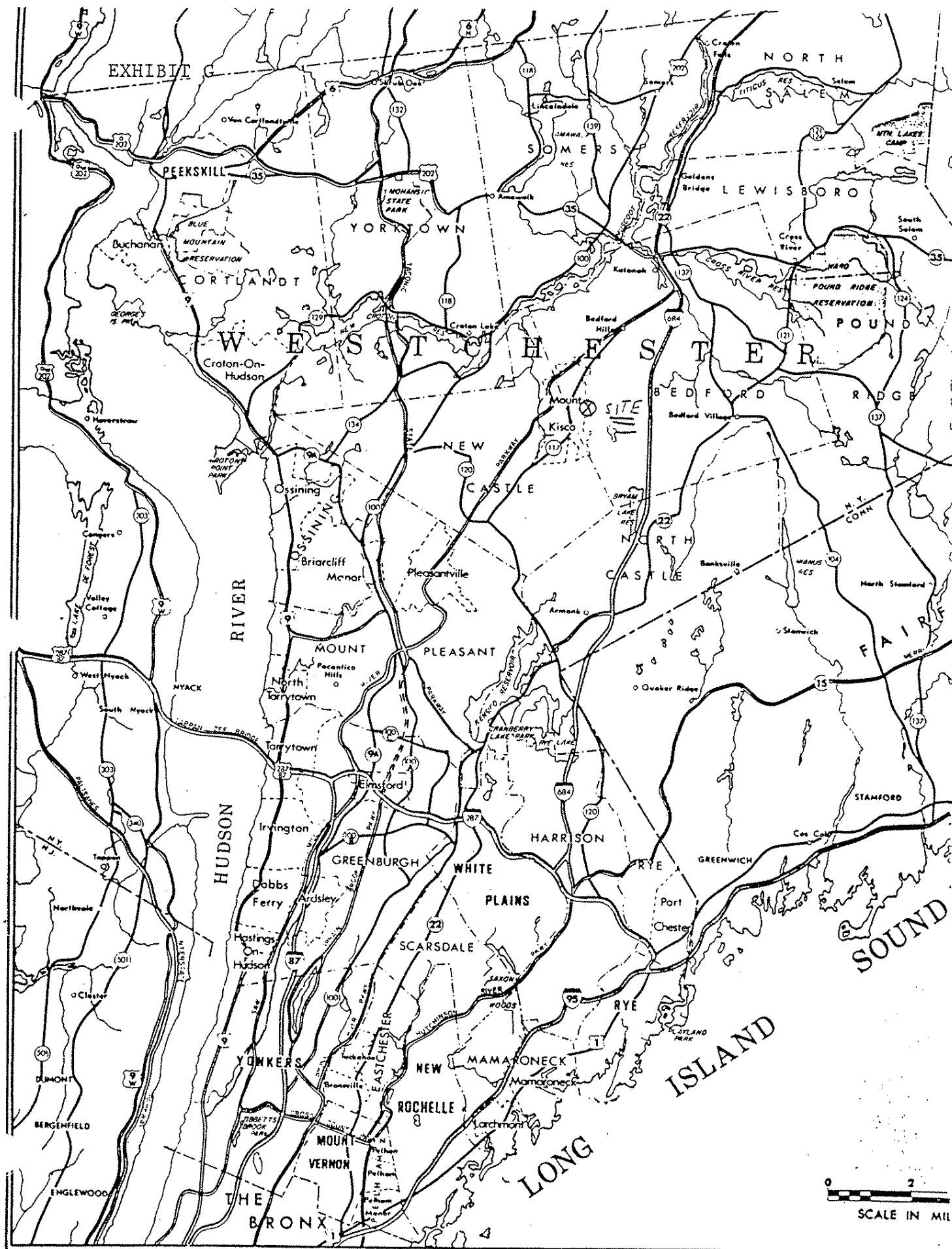
ITEMIZED CHARGES FOR SERVICES
NOT INCLUDED IN THE BASIC CONTRACT:

(1)	Resale Disclosure Certificate*	\$50.00
(2)	Community Mailing (in addition to monthly billing)	\$ 1.00/Lot + Postage & Reproduction
(3)	Mailing Labels	\$15.00/Set
(4)	Material reproduction except as provided as part of this Agreement	\$.20/Copy
(5)	Postage/Messenger except as provided as part of this Agreement	\$ Cost
(6)	Accountant's time for performance of items not as part of this Agreement	\$50.00/Hour
(7)	Bookkeeper's time for performance of items not as part of this Agreement	\$17.50/Hour
(8)	Certified Letters	\$ 5.00/each
(9)	Return Check Charges**	\$10.00/Item
(10)	Purchase of negotiable instruments from financial institutions specifically requested by the Association	\$25.00/Per Purchase
(11)	Delinquency Billing (15 Days after due date)	\$ 2.00/Lot

* Charged to Seller of Lot

** Charged to Lot Owner

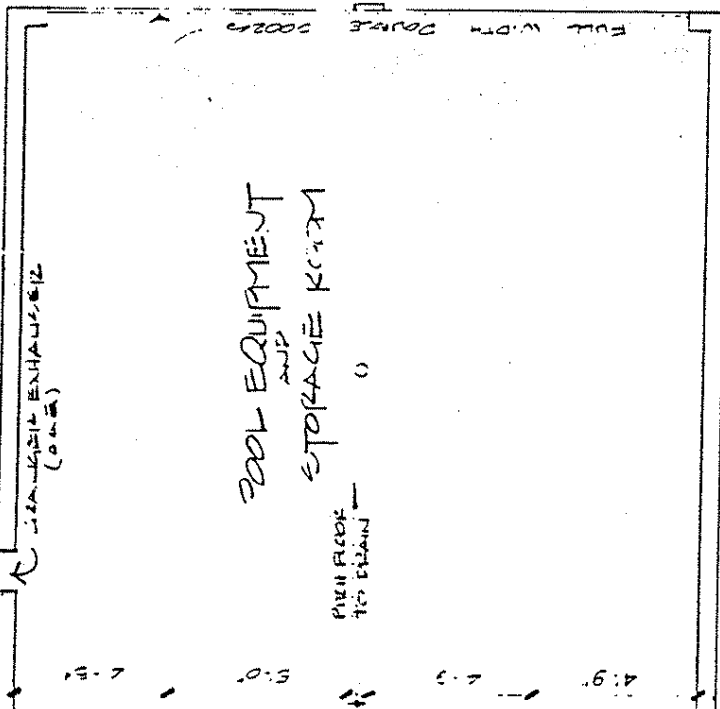
ALL CHARGES ARE BILLED THROUGH ASSOCIATION
CHARGE BILLING DIRECTLY TO THE LOT OWNER'S
ACCOUNT, AND THE ASSOCIATION WILL REIMBURSE
MANAGEMENT AGENT.



200 F OVER

30'-0"

14'-0"



GUARD HILL MANOR

4'-0" HIGH CHAIN LINK FENCE

DOOR 8'-0" x 6'-0" DOOR W/ LOUVER

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

3'-0"

"QUICK HATCH" 4' x 11' HINGED DOOR

SOLID FENCING 6'-0" HEIGHT (OPEN 12' AT BOTTOM)

SEE CLOSING LATCHING GATE

POOL PATIO AREA

EXHIBIT I

GUARD HILL MANOR
PURCHASE AGREEMENT

DATE: _____

Your Name (PURCHASER) _____

Your Address: _____

PLEASE READ THE OFFERING PLAN AND FAMILIAR-
IZE YOURSELF WITH ALL THE TERMS BEFORE SIGN-
ING THIS AGREEMENT.

(1) PROPERTY

The Sponsor (hereinafter referred to as the "SELLER"), whose signature appears on the last page, agrees to sell to you (also referred to as the "PURCHASER"), whose signature appears on the last page, 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 the Village/Town of Mount Kisco, County of Westchester and State of New York, known as Lot No. _____ on Map entitled, "Subdivision Plat of Wayside", filed in the Office of the Clerk of the County of Westchester, Division of Land Records, on January 29, 1985 as Map No. 21827 (hereafter referred to as the "PREMISES"). The Home erected or to be erected (the "HOME"), shall conform substantially in appearance to the model on exhibit by SELLER or in accordance with changes agreed to in writing between SELLER and PURCHASER. The following are the terms of the sale.

(2) COST AND PAYMENT

Purchase Price	\$ _____
Total Costs of Extras	\$ _____
<u>TOTAL SELLING PRICE</u>	<u>\$ _____</u>

Payments

Down Payment (not greater
than 10% of purchase price)
excluding extras:

\$ _____

Total Cost of special additions
(see Exhibit "A" attached to and
made part of this Purchase
Agreement:

\$ _____

TOTAL DOWN PAYMENT

\$ _____

BALANCE DUE AT CLOSING

\$ _____

(Including proceeds of
mortgage, if any; in cash
certified or bank check).

(3) HOMEOWNERS ASSOCIATION

SELLER has exhibited and delivered to PURCHASER, and PURCHASER has read and agrees to be bound by the proposed Declaration of Covenants, Conditions, Restrictions and Easements, and the By-Laws and Offering Plan of the Association (and the Exhibits attached thereto); all as the same may, from time to time, be amended; all of which are incorporated herein by reference and made part of this Agreement with the same force and effect as if set forth at length herein. With the purchase of the PREMISES, the PURCHASER acknowledges that he or she will automatically become a member of the Association, subject to its Rules and Regulations and liable for its assessments. This Agreement is being executed more than seventy-two (72) hours after the receipt by PURCHASER of a copy of the Offering Plan.

(4) TRUST FUNDS

SELLER will hold all monies paid as a deposit or upon the signing of this Agreement received by it or through its agents or employees, in trust until actually employed in connection with the consummation of this transaction. All such monies will be deposited with the Pawling Savings Bank, Brewster, New York, and will be held in trust in a special account under the name of "Guard Hill Manor-Special", in accordance with Section 71-a(3) of the Lien Law, and will be held in trust in accordance with the provisions of Section 352(h) and 352-e2(b) of the General Business Law. The funds so deposited will be disbursed only in compliance with the provisions of this Purchase Agreement and the Offering

Plan. All withdrawals from said Special Account require the signature of an officer of SELLER and a member of the law firm of George J. Swander, P.C.

(5) PURCHASE AGREEMENT CONDITIONED
UPON PURCHASER OBTAINING MORTGAGE

If PURCHASER needs a mortgage, a condition of this Purchase Agreement is that he obtains a written mortgage commitment within forty-five (45) days after SELLER signs this Agreement, for a conventional real estate loan in the amount of \$_____ at prevailing interest rates for thirty (30) years or less, from a lender of his choice. Within five (5) days of this date, PURCHASER will apply for this mortgage and agrees to furnish to lender on forms to be supplied, any information that is requested, within ten (10) days of such request. If the lender fails to approve the mortgage application (unless PURCHASER fails to furnish the information requested, which is a default), the SELLER may extend the time for obtaining a mortgage commitment for such time that is at SELLER'S discretion.

(6) FAILURE TO OBTAIN MORTGAGE COMMITMENT

If PURCHASER fails to obtain a mortgage commitment from any lender, PURCHASER shall notify SELLER by certified mail, return receipt requested, within five (5) days of PURCHASER'S receipt of notification from the prospective lender and then this Agreement is cancelled and the trust funds will be returned.

(7) CLOSING OF TITLE

The closing of title shall take place ("Closing") on _____ but with at least ten (10) days' prior written notice to PURCHASER of the time and place (unless PURCHASER and SELLER shall agree on an earlier Closing Date). The closing of title may be adjourned to such later date and place as the parties may agree upon in writing. The closing will take place at the office of Seller's attorney or lender's office or office of lender's attorney. If closing takes place more than thirty-five (35) miles (one-way) from Mount Kisco, Purchaser shall pay as additional cost to Seller's attorney, a surcharge of TWO HUNDRED (\$200.00) DOLLARS. Under no circumstances shall Seller or Seller's attorney be obligated to travel more than sixty (60) miles (one-way) to a lender or lender's attorney in order to close title to a Lot.

It is understood and agreed that the construction of the HOME on the PREMISES herein described is either

to be commenced or has already been started and the SELLER agrees to endeavor to complete the same before the date herein set forth for the closing of title.

The SELLER shall be entitled to reasonable adjournments in the closing of title in the event of delays by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements. However, in the event the SELLER shall be unable to complete the Home and to convey title to the LOT on or before six (6) months from the date set forth above except for (a) delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing SELLER from obtaining necessary supplies and/or materials, in which event the period shall be extended to nine (9) months; or (b) the PURCHASER'S default, the PURCHASER shall have the option to cancel this Agreement and to have the down payment advanced by him refunded with interest, if any.

(8) DEED TO BE GIVEN AT CLOSING

The closing deed shall be a Bargain and Sale Deed, with Covenants Against Grantor's Acts, and shall be duly executed and acknowledged by SELLER so as to convey to PURCHASER fee simple title to the 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. PURCHASER shall accept a marketable title such as SELLER's title company, Chicago title Insurance Company through Tower Abstract Corporation, or any other reputable title company will insure, subject to the exceptions listed below.

(9) TITLE EXCEPTIONS

(A) Building restrictions and regulations of governmental authorities, and amendments and additions thereto, in effect at the closing of title;

(B) Encroachments of driveways, party walls, walks, trim, if any, onto adjacent property or the Common Area, or of adjoining Homes onto this property, as the same may exist as of the closing of title;

(C) The terms set forth in the Declaration of Covenants, Conditions, Restrictions and Easements referred to above which SELLER will have or has recorded in the West-

chester County Clerk's Office, and the By-Laws and Rules and Regulations of the Association, all as may be amended from time to time;

(D) Unpaid taxes and liens, provided the title company shall insure against collection of same out of the PREMISES; or the Seller, by Affidavit, agrees to hold funds in escrow to pay same when due;

(E) Notes, if any, on Map No. 21827 filed as "Subdivision Plat of Wayside" in the Westchester County Clerk's Office;

(F) Any state of facts an accurate survey would reveal provided same would not render title unmarketable;

(G) Covenants, easements, restrictions, agreements and reservations of record, provided same do not prohibit the erection and maintenance of the structure referred to herein;

(H) Standard printed exceptions contained in the form of fee title insurance policy then issued by the title insurance company insuring PURCHASER'S title to the PREMISES;

(I) Easements, recorded or to be recorded, in favor of individuals, corporations or other entities, municipalities, special districts, electric, light, gas, telephone, water and other public or private utility companies for the erection and maintenance of their respective apparatus, and to any easements or privileges granted for sewer and drainage purposes;

(J) Subject to easements in favor of adjacent property owners for rights of way and or drainage, whether recorded or unrecorded;

(K) Variations, if any, between record lines and fences, trim, retaining walls and party walls, if any.

The parties agree that the SELLER may pay and discharge any liens and encumbrances upon the Property not provided for in the Offering Plan or this Agreement, out of the monies to be paid by the PURCHASER at the time of closing of title.

(10) POSSESSION BY PURCHASER PRIOR TO CLOSING

It is expressly understood and agreed that PURCHASER shall in no event take possession of the PREMISES prior to the time of the delivery of the deed and full compliance by PURCHASER with the terms of this Agreement, nor shall PURCHASER enter the HOME or have his closing without the written authorization of SELLER, any of which shall constitute unauthorized possession by PURCHASER. Upon 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 this Agreement shall be deemed cancelled, and all work done and materials installed shall become the property of SELLER. Should the PURCHASER violate this provision, PURCHASER consents that SELLER shall have the right to remove him from the PREMISES as a squatter and intruder by summary proceedings.

(11) CERTIFICATE OF OCCUPANCY

At closing, SELLER shall deliver to PURCHASER a permanent Certificate of Occupancy for the Home.

(12) CLOSING COSTS

The PURCHASER agrees to pay SELLER at closing:

- (A) The applicable New York State documentary transfer tax;
- (B) A survey fee of FOUR HUNDRED (\$400.00) DOLLARS for a final survey of the Home as constructed;
- (C) The actual fee for recording of the Deed to the PREMISES.
- (D) All applicable real estate taxes and other usual and normal closing charges and any Association assessments levied during the month in which title closes or established as a reserve, to be adjusted as of the Closing Date based upon the last bill rendered for such taxes and/or charges.

The PURCHASER shall pay his own attorney and the premium for the title insurance policy, if the PURCHASER desires such coverage, together with all charges relating to the PURCHASER'S mortgage. In addition, the PURCHASER agrees to pay to the Association at closing

the sum of SEVEN HUNDRED FIFTY (\$750.00) DOLLARS representing an initial, non-refundable, working capital contribution to the Association.

In the event that on the Closing Date the LOT has not been separately assessed for the then current tax fiscal year, the apportionment of real estate taxes shall be based upon the assessment for the land divided by the number of LOTS set forth on the filed Subdivision Map of Wayside. In addition, if the LOT is not separately assessed, the Sponsor shall hold tax monies collected from Purchaser in escrow to pay same when due. Any assessments imposed after the delivery of the Deed shall be paid by PURCHASER. Any errors or omissions in computing apportionments at closing shall be corrected. This provision shall survive closing.

(13) CONSTRUCTION OF HOME BY SELLER

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 Village/Town of Mount Kisco and further agrees that, when completed, same shall be in substantial conformance with the plans as filed with the Building Department. PURCHASER represents to the SELLER that the PURCHASER has examined and investigated the model home and the Property to be sold to the full satisfaction of the PURCHASER; that neither the SELLER nor any agent, officer, employee or representative of the SELLER has made any representation whatsoever regarding the subject matter of this sale except as set forth in the Offering Plan.

(14) THE HOME

The Home to be constructed will be similar to the model home type selected by the Purchaser. It will contain a kitchen, dining room, livingroom, two bedrooms, two and one-half baths and an unfinished basement.

(15) PERSONAL PROPERTY INCLUDED IN THE SALE

(A) Appliances

There will be a choice of not less than two color choices in appliances. The standard appliances provided will be:

<u>Quantity</u>	<u>Appliance</u>	<u>Manufacturer</u>	<u>Model No.</u>
1	Refrigerator	Gen. Elec. Co.	TBF165
1	Range	Gen. Elec. Co.	JBP22

1	Dishwasher	Gen. Elec. Co.	GSD500
1	Range Hood	Gen. Elec. Co.	JN322
1	Washer	Gen. Elec. Co.	WWA5600
1	Dryer	Gen. Elec. Co.	DDE5300

Upgrades in appliances may be purchased at additional cost.

(B) Carpeting

There will be a choice of not less than six (6) colors for the standard grade carpeting. Upgrade in carpeting may be purchased at additional cost.

(C) Tile

There will be a choice of not less than three (3) patterns of tile from which to choose.

If PURCHASER fails to make such selection as to any of the aforesaid items within ten (10) days after notice is sent to the PURCHASER by SELLER requesting the same, at the address set forth in this Agreement, then SELLER's selection thereof shall be binding upon the PURCHASER.

(16) MODEL HOMES FOR EXHIBITION PURPOSES

All furniture, furnishings and equipment exhibited in the model home and the landscaping and improvements around the model home, excepting those specifically set forth herein, are for exhibition purposes only and are NOT included in this sale.

(17) CHANGES IN MATERIALS

SELLER reserves the right to:

(A) Make changes or substitutions of materials or construction for items set forth in the Offering Plan or Building Plan and specifications, 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 approved Site Plan;

(C) Determine elevation and location of foundations, including reversal of HOME layout; walks, streets and parking areas;

(D) Determine whether trees or shrubs currently on the PREMISES are to be removed;

(E) Fix the location of a HOME (including setbacks), within the LOT lines;

(F) Determine the ultimate home-type mix to be constructed on the LOTS; and/or

(G) Construct or remove retaining walls on the LOTS or the Common Area where required by grade conditions.

SELLER agrees to notify the PURCHASER of any major changes, specifications, deviations, additions or deletions which may be beyond the scope of the limitations thereof as hereinabove set forth. If said major change affects the Common Area it shall be disclosed by a duly filed amendment to the Offering Plan. In the event that SELLER notifies a prospective PURCHASER in writing of such changes and modifications, the PURCHASER shall be deemed to have approved of same, unless SELLER receives PURCHASER'S written disapproval of such modifications and amendments within five (5) days from the date of PURCHASER'S receipt of the aforesaid notice by SELLER.

(18) 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 if used appropriately; and that same will be free of defects in workmanship and material for a period of one (1) year from the closing of title to the PURCHASER'S HOME or completion of same, whichever is earlier; and that the basement shall be free of leaks excluding condensation. If a defect occurs in an item which is covered by any of these warranties, the SELLER will (A) repair; or (B) replace the defective item. The choice between repair or replacement shall be exclusively with the SELLER. Written notice of any defect covered by these warranties must be given to SELLER in writing within one (1) year from the closing of title to the HOME. Where failure to give timely notice results in further damage, such further damage shall not be covered by these warranties. In addition, the PURCHASER will receive the manufacturer's warranty on all appliances.

PURCHASER should note that:

(A) No steps taken by SELLER to correct a defect shall act to extend the warranty period.

(B) SELLER accepts no responsibility for any warranty obligation for incidental or consequential damages caused by any defect.

(C) These warranties give the PURCHASER specific legal rights. PURCHASER may have other rights under State law.

(D) These warranties are extended to this PURCHASER only and are not extended to any subsequent PURCHASER, lessee and/or mortgage lender who takes possession of the HOME.

(E) These warranties shall be void if PURCHASER misuses, abuses or otherwise interferes with or changes SELLER'S original construction or installation.

(F) SELLER is not responsible for any work or material ordered directly by PURCHASER from others (even if ordered from SELLER'S contractors, suppliers or agents).

(G) Subsequent to the conveyance of title to a HOME, SELLER shall not 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 de-icers, nail pops, ridging, normal lumber shrinkage; normal settlement or any consequential damages resulting therefrom; normal plumbing and heating noises or carpet stretching; normal settlement cracks on concrete foundations, patios, sidewalks and other flat work; basement leaks resulting from acts of God or alteration of landscaping or grading; leakage from "ice dams" forming on roofs; spalling or flaking of concrete surfaces if ice melting compounds have been used; scuffing on kitchen cabinets or vanities; minor chips (nicks) to formica tops, shading variations of the exterior painting or staining; paint touch-ups; repair or dented appliances, porcelain or formica chips; and scratches in tubs, vanities or countertops.

holder of sums paid by PURCHASER hereunder as set forth in Paragraph 4 hereof, to pay over to SELLER as liquidated damages an amount equal to ten (10%) percent of the purchase price (and the actual cost incurred by SELLER for any special work in the HOME ordered by PURCHASER) and interest earned thereon, if any, and upon such payment being made, each of the parties hereto shall be relieved of any further liabilities or obligations hereunder. If this Agreement shall be cancelled by SELLER pursuant to the provisions of this Paragraph 21, SELLER may sell the HOME to any third party and shall be under no obligation to account to PURCHASER for any part of the proceeds of such sale. George J. Swander, P.C. may rely upon the truth and accuracy of the facts contained in SELLER's certification and the authority of the person or persons executing the same, and shall have no liability as a result of such reliance.

SELLER shall retain any other remedy SELLER may have against PURCHASER so that if PURCHASER paid less than ten (10%) percent of the Purchase Price before default, SELLER may collect, also as liquidated damages, the differences between what PURCHASER had paid and ten (10%) percent of the Purchase Price.

(22) OFFERING PLAN CONTROLS

PURCHASER acknowledges that he has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties or statements of any nature, whether made by SELLER, SELLER'S counsel or Selling Agent, employees, agents or otherwise, including but not limited to, any relating to the description or physical condition of the HOME, the size or the dimensions of the HOME, or the rooms therein contained, or any other physical characteristics thereof; the estimated Association Charges and expenses allocable to the LOT or the right to any income tax deduction on account of any real estate taxes and/or mortgage interest paid by PURCHASER, except as set forth herein and in the Offering Plan. If there are any differences between this Purchase Agreement and the Offering Plan, the terms of the Offering Plan shall govern and control.

(23) DELIVERY OF DEED AND RELEASE OF SELLER

PURCHASER agrees that SELLER'S delivery and PURCHASER'S acceptance of a Deed at closing represent SELLER'S full compliance with this Agreement. This section does not apply to terms and conditions that, according to the Plan, survive title closing.

(H) All manufacturers' warranties are specifically in lieu of any other guarantee or warranty, express or implied, including any warranty of merchantability.

The provisions of this Paragraph (18) shall survive delivery of the Deed hereunder.

(19) SUBORDINATION OF PURCHASER'S LIEN

The lien of PURCHASER under this Agreement and with respect to his down payment made hereunder is and shall be subordinate to the lien of purchase money mortgages, land loans, or construction mortgages, heretofore or hereafter made thereon, including advances made subsequent to the execution of this Agreement; and to the lien of materialmen and subcontractors.

(20) EXECUTION OF REQUIRED DOCUMENTS

PURCHASER agrees to deliver to SELLER all documents and to perform all acts required by SELLER to carry out the provisions of all applicable laws and regulations. This Paragraph shall survive delivery of the Deed.

(21) PURCHASER'S DEFAULT

SELLER may send notice to PURCHASER of SELLER'S intention to cancel this Agreement, if:

(A) PURCHASER does not pay SELLER any portion of the balance of the total purchase price on the date that PURCHASER is supposed to pay; or

(B) PURCHASER fails to close title on the date, hour and place specified by SELLER pursuant to paragraph 7 hereof; or

(C) PURCHASER fails to perform any other obligations of PURCHASER under this Agreement.

If PURCHASER does not correct the default within ten (10) days after SELLER has given such notice, SELLER may cancel this Agreement.

In the event that SELLER shall elect to cancel this Agreement, SELLER shall certify to its attorney, George J. Swander, P.C., that title has not closed because of PURCHASER'S default and that SELLER has elected to cancel this Agreement by reason thereof; and George J. Swander, P.C. shall thereupon notify the

(24) OPTIONAL ITEMS

SELLER will provide PURCHASER only with the fixtures, equipment, hardware, appliances and furnishings referred to herein. Optional items, if any, which PURCHASER desires and SELLER agrees to provide will be considered "extras" and the cost thereof are listed in Exhibit "A" attached hereto. Such cost will be added to the Purchase Price of the HOME. All sums or deposits paid for optional items shall be paid in full in addition to the regular down payment.

(25) PURCHASER ACCEPTS TITLE WITH MINOR DEFECTS

PURCHASER shall accept title (without abatement or credit against the Purchase Price or provisions or escrow) notwithstanding that construction of minor details of the HOME have not been completed. PURCHASER will examine the HOME with a representative of the SELLER during normal business hours prior to the Closing Date and will sign and deliver to the SELLER on or before the Closing Date, an Inspection Statement in the form annexed hereto as Exhibit "B", acknowledging the condition in which the PURCHASER has received his HOME.

SELLER shall agree in writing to complete and install any omitted items within a reasonable time after the closing of title. The fact that the HOME is not fully completed and this Agreement not fully performed by the SELLER at the time of closing shall not constitute a reason for the PURCHASER'S failure to accept title, and such failure shall constitute a default.

(26) RISK OF LOSS

Risk of loss by fire or other casualty remains with SELLER until the earlier of the following events:

(A) Legal title to the LOT has been conveyed to the PURCHASER; or

(B) The PURCHASER shall take actual possession of the HOME pursuant to a written agreement with the SELLER.

(27) SELLER'S LIABILITY

The SELLER'S liability under this Agreement for failure to complete and/or deliver title for any reason whatsoever shall be limited to the return of the money deposited hereunder (with interest, if any); and upon the return of said money, this Agreement shall be null and void and the parties hereto released from any and

all liability hereunder. In any event, the SELLER shall not be required to bring any action or proceeding or otherwise to incur any expense to render the title to the HOME marketable or to cure any objection to title.

(28) AGREEMENT CONTROLLING

This Agreement supersedes any and all understandings and agreements between the parties and constitutes the entire agreement between them; and no oral representations or statements shall be considered a part thereof.

(29) REAL ESTATE BROKER

PURCHASER represents and warrants to SELLER that PURCHASER did not negotiate with any broker for the purchase of the LOT and HOME other than MARGARET T. AMBROSE and _____.

(30) NO ASSIGNMENT

PURCHASER shall have no right to assign this Agreement without the prior written consent of SELLER. Without such consent, any purported assignment of this Agreement shall be void. Such consent is completely discretionary.

(31) AGREEMENT BINDING PARTIES

This Agreement shall be binding upon PURCHASER'S and SELLER'S heirs, executors, administrators, successors and/or assigns.

(32) JOINT OBLIGATION AND GENDER NOMENCLATURE

If more than one person joins in the execution of this Agreement, the covenants and agreements hereof shall be their joint and several obligations. The masculine shall include the feminine and the singular shall include the plural as the context of this Agreement shall require.

(33) NOTICES

Any notices required to be given hereunder shall be in writing and sent by certified mail, return receipt requested, to the PURCHASER at the address indicated above and to the SELLER, GUARD HILL DEVELOPMENT CORPORATION, at Route 6 and Simpson Road, Carmel, New York 10512 with copy to George J. Swander, P. C., Post Office Box 379, Brewster, New York 10509, or at such other address as either party may hereafter designate

by written notice served pursuant to this Paragraph (33).

(34) NEW YORK LAW APPLICABLE

This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(35) WAIVER OF JURY TRIAL

PURCHASER hereby waives trial by jury in any action, proceeding, or counterclaim involving any matter whatsoever arising out of or in any way connected with this Purchase Agreement or the relationship of the parties as PURCHASER and SELLER, or the right of PURCHASER to any statutory relief or remedy.

(36) WHEN SELLER MUST SIGN

Within fifteen (15) days after delivery to SELLER or its Agent by PURCHASER of this Purchase Agreement, SELLER will either:

(A) Accept this Agreement and cause to be returned to PURCHASER a fully executed counterpart thereof; or

(B) Reject this Agreement and refund the down payment tendered by PURCHASER.

(37) SIGNING OF CONTRACT

This Agreement cannot be signed by the PURCHASER until seventy-two (72) hours after the PURCHASER receives the Offering Plan. If PURCHASER does not return and execute the Agreement within seven (7) days after receiving the Offering Plan along with the Purchase Agreement, the offer to sell the HOME herein is withdrawn.

"YOU, AS THE PURCHASER OF THIS RESIDENCE, MAY REQUIRE THE RECIPIENT OR CONTRACTOR TO DEPOSIT THE INITIAL ADVANCE MADE BY YOU IN AN ESCROW ACCOUNT. IN LIEU OF SUCH DEPOSIT, THE RECIPIENT OR CONTRACTOR MAY POST A BOND OR CONTRACT OF INDEMNITY WITH YOU GUARANTEEING THE RETURN OF SUCH ADVANCE."

IN WITNESS WHEREOF, the parties hereto have read all the Paragraphs of this Agreement as well as the Offering Plan and have signed and sealed this instrument on the date hereinabove set forth.

(1) PURCHASER: _____

TELEPHONE NUMBER: _____

SOCIAL SECURITY NO. _____

(2) PURCHASER: _____

TELEPHONE NUMBER: _____

SOCIAL SECURITY NO. _____

ATTORNEY FOR PURCHASERS:

TELEPHONE NUMBER: _____

(3) GUARD HILL DEVELOPMENT CORPORATION

By: _____

Title: _____

EXHIBIT "A" TO PURCHASE AGREEMENT

For

GUARD HILL MANOR

Special Additions and Extras

LOT NUMBER: _____ DATE: _____

I/We request that you supply and install the following additions and/ extras to the above:

TOTAL COST = \$ _____

Purchaser's Signature

Purchaser's Signature

ACCEPTED:
GUARD HILL DEVELOPMENT CORPORATION

By: _____

EXHIBIT "B" TO PURCHASE AGREEMENT

For

GUARD HILL MANOR

Form of Inspection Statement

LOT NUMBER: _____

DATE: _____

Gentlemen:

As a result of my/our final inspection, please be advised that except as otherwise noted below, I/we found the following items in good condition:

<u>Number</u>	<u>Item</u>	<u>Initials</u>	<u>Exceptions If Any</u>
1	Window Sash	_____	_____
2	Electric Fixtures and Globes	_____	_____
3	Interior Painted Surfaces	_____	_____
4	Sinks, Tubs, Bowls, Showers	_____	_____
5	Kitchen Cabinets & Countertops	_____	_____
6	Vanity Topes and Base	_____	_____
7	Medicine Cabinets Doors & Mirrors	_____	_____
8	Hardware	_____	_____
9	Flooring	_____	_____
10	Doors & Door Frames	_____	_____
11	Patio and/or Balcony Railings & Surfaces (if		

	applicable)	_____	_____
12	Baseboard	_____	_____
13	Stairs & Railings	_____	_____
14	Heating and Air Conditioning	_____	_____

Purchaser's Signature

Purchaser's Signature

SELLER agrees to complete said items within thirty (30) days based upon availability of materials and weather permitting.

GUARD HILL DEVELOPMENT CORPORATION

By: _____



GUARD HILL DEVELOPMENT CORPORATION

EXHIBIT J

October 18, 1985

Real Estate Financing Bureau
New York State Dept. of Law
Two World Trade Center, Room 48-61
New York, New York 10047

RE: Certification of Guard Hill
Homeowners Association, Inc.
Route 117, Mount Kisco, New York

Dear Sirs and Mesdames:

We are the Sponsor and the principals of the Sponsor of the homeowners association offering plan for the above-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 homeowners association does, and that documents submitted hereafter by us which amend or supplement the Offering Plan for the homeowners association will:

- (1) Set forth the detailed terms of the transaction and be complete, current and accurate;
- (2) Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;



GUARD HILL DEVELOPMENT CORPORATION

- (3) Not omit any material fact;
- (4) Not contain any untrue statement of a material fact;
- (5) Not contain any fraud, deception, concealment, suppression, false pretense, or fictitious or pretended purchase or sale;
- (6) Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (7) 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 representation or statement made.

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

Very truly yours,

GUARD HILL
DEVELOPMENT CORPORATION

By: Joseph Cioccolanti
Joseph Cioccolanti, President

By: John Cray
John Cray, Vice President
Principal of Sponsor

Joseph Cioccolanti
JOSEPH CIOCCOLANTI
Principal of Sponsor



GUARD HILL DEVELOPMENT CORPORATION

David Cioccolanti

DAVID CIOCCOLANTI, Vice President
Principal of Sponsor

Mark Cioccolanti

MARK CIOCCOLANTI, Vice President
Principal of Sponsor

Sworn to before me this
9th day of October, 1985.

George J. Swander
Notary Public

GEORGE J. SWANDER
NOTARY PUBLIC, State of New York
No. 4636748
Qualified in Putnam County
Commission Expires March 30, 1985

JOHN H. PRENTISS, P.E.
CONSULTING ENGINEER
RD 9 - FAIR STREET
CARMEL, N. Y. 10512

(914) 878-6170

EXHIBIT K

October 15, 1985

Mr. David Cioccolanti
Guard Hill Development Corp.
RD 6, Route 22
Brewster, NY 10509

Re: Guard Hill Manor Homeowners' Association

Dear Mr. Cioccolanti:

Enclosed with this correspondence, please find a detailed report
(Exhibit "K") of the physical aspects of the Guard Hill Manor
Homeowners Association.

Very truly yours,

John H. Prentiss
John H. Prentiss, P.E.



enclosure
JHP/snd
cc: File

TO: Real Estate Financing Bureau
NY State Dept. of Law

SUBJECT: Guard Hill Manor Homeowne
Association, Mt. Kisco, NY

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

(1) LOCATION: Route 117, Village of Mount Kisco, Westchester County, NY Tax Map: Section 2, Sheets 4 and 5, Lots 19A, 22, 25, 23, 24, 20, 24B, 45, 52B, 22A and 41A. The Property is located in the R-0 Zoning District that allows multi-family housing. This district permits the construction of two hundred twelve (212) homes as proposed for the Homeowners Association.

(2) STATUS OF COMPLETION: Certificates of Occupancy have not been issued until homes are completed. The current status (as of October, 1985) is that sixteen homes are under construction.

(3) SITE:

A. Size: The Property contains 68.4 acres.

B. Homes: There are 212 attached, single-family residences and lots proposed.

C. Streets/roads: Eight (8") inches of run of bank gravel base, 3" of asphaltic concrete binder course, and 1-1/2" of asphaltic concrete top course.

D. Parking Areas: Six (6") inches of run of bank gravel, 2" of asphaltic concrete binder course, and 1" of asphaltic concrete top course.

E. Curbing: Class "A" concrete with dimensions of eight (8") inches by eighteen (18") inches.

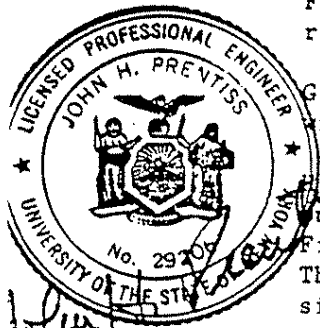
F. Sidewalks: Four (4") inches of run of bank gravel, 5" of Class "A" reinforced concrete, four (4') feet in width.

G. Catch Basins: Catch basins are to be precast, reinforced concrete with 3,000 PSI test or equal.

Site Lighting: Sphere post lanterns of shatter resistant polyethylene on twelve (12') foot aluminum posts. The fixtures will be Progress Lighting Fixtures # P5426 with 100-Watt bulb capacity and Post # P5310 or equal. The site lighting fixtures are located to serve the parking areas. A site lighting plan is part of the approved site plan.

(4) UTILITIES: Electricity and gas service are provided by Consolidated Edison which is a regulated public utility. The New York Telephone Company provides individual telephone services. Each home will have its electric, gas and water service individually metered.

(5) SUBSOIL CONDITIONS: The soil type of the Property provides sufficient load-bearing capacity and porosity to support the homes. There is little danger from flooding due to high water tables or overflow from other bodies of water. Where surface or sub-surface water courses are encountered, preventive measures such as erosion control devices, footing drains, and curtain drains will be



TO: Real Estate Financing Bureau
NY State Dept. of Law

SUBJECT: Guard Hill Manor Homeowners'
Association, Mt. Kisco, NY.

installed. Existing water and drainage courses have been identified on the grading and drainage plan and appropriate drainage systems are shown on the grading and drainage site plan as approved by the Planning Board of the Village of Mount Kisco.

(6) LANDSCAPING:

A. Disturbed Areas: Will be seeded with rye grass and top-dressed with two (2") inches of topsoil.

B. Plantings and Trees: Existing trees and vegetation outside of the road, utilities and building areas will remain as they naturally exist. Plants and shrubs indigenous to the area will be planted in front of each home.

C. Retaining Walls: All retaining walls will be of stone or pressure-treated lumber.

D. Post and Beam Guide Rails: The material to be used in the construction of these guide rails will be pressure-treated 6" x 8" posts and 3" x 8" rails.

E. Exterior Stairs: Prefabricated concrete steps and slabs.

F. Mail Boxes: Will be placed in clusters in locations approved by the United States Postal Service.

(7) AUXILIARY FACILITIES: Refuse Disposal: The locations of the enclosed garbage dumpsters are shown on the Site Plan. Garbage collections will be made by the Village of Mount Kisco Public Works Department.

(8) FIRE PROTECTION: The Property is located within the Village of Mount Kisco Fire District. The location of fire hydrants to be installed within the Property are delineated on the water system site plan as approved by the Planning Board of the Village of Mount Kisco.

(9) STORM DRAINAGE: This system will dispose of storm drainage by use of piping, catch basins, and retention areas as indicated on the grading and drainage plan as approved by the Planning Board of the Village of Mount Kisco. Piping sizes will vary. Pipe used will be aluminized steel pipe. Drainage from the Property will be collected in catch basins and inlets to be located in the various parking areas. The outfall of the system will be discharged at several locations to existing streams or storm drainage lines in the area.

(10) TELEVISION RECEPTION AND FACILITIES: Adams Russell Cable Services has a franchise with the Village of Mount Kisco for cable television services to Village residents.

(11) PARKING AREA LIGHTING: There will be site lighting in the parking lots, streets and sidewalks, as provided on the site plan as approved by the Planning Board of the Village of Mount Kisco.



TO: Real Estate Financing Bureau
NY State Dept. of Law

SUBJECT: Guard Hill Manor Homeown
Association, Mt. Kisco,

(12) GARAGES; PARKING AREAS: Every home will have a garage. In addition there will be a total of one hundred thirty-eight (138) outdoor parking spaces, all as shown on the site plan approved by the Planning Board of the Village of Mount Kisco.

(13) RECREATIONAL FACILITIES:

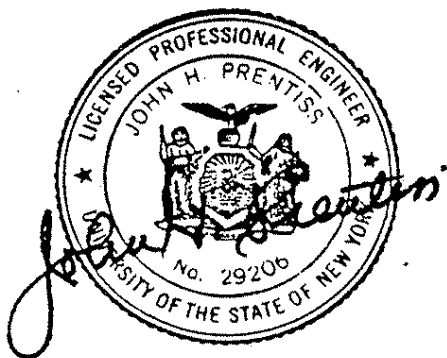
A. Swimming Pool: The dimensions of the pool will be 36 feet by 56 feet by 25 feet, with a graduated depth of three feet to five feet. The capacity of the pool is 52 people. The pool will be enclosed by a fence. Pumping and filtering systems will be a sand filter system with one three (3) horsepower, single phase pump, and flow meter capable of circulating the entire contents of the pool in six (6) hours.

B. Pool Building: This building will have approximately a 450 square foot area, including a men's and women's bathroom and mechanical room for the pool filtering system.

C. Tennis Courts: There will be one double-sized tennis court of macadam. The exterior dimensions of the court are sixty (60) feet wide by one hundred (100) feet long. The court will be fenced.

D. Multi-Purpose Court: There will be two multi-purpose courts made of macadam. The exterior dimensions of this court are thirty (30) feet wide by sixty (60) feet long.

(14) ADDITIONAL ITEMS; VIOLATIONS: There are no violations to date outstanding.



John H. Prentiss, P.E.
RD9-Fair Street
Carmel, NY 10512
(914) 878-6170/9217

cc: File
snd

TO: Real Estate Financing Bureau
NY State Dept. of Law

SUBJECT: Guard Hill Manor Homeowners'
Association, Mt. Kisco, NY.

Addendum (To October 14, 1985, letter)

(13) Recreational Facilities:

A. Swimming Pool

The pool will be reinforced granite schedule: "R" signature.
The pool interior finish will be white imported ground marble
morcite, hand troweled. The coping will be white precast concrete.

(14) Structural System of Pool House Building

Exterior of Building: Front and Rear Walls: Framing of 2" x
4" wood studs @ 16" O.C.; sheathing: 1/8" x 4' x 8' Thermoply;
Exterior siding: vinyl or twin, four-textured aluminum, .019
gauge.

Windows: Thermal, aluminum, double insulated glass; Screens:
aluminum wire on aluminum frame.

Foundation: 8" poured concrete or concrete block found-
ation walls; Floor: a slab with 4" of concrete over 4" of run
of bank gravel.

Entrance: Double six-foot doors insulated, primed, hollow steel,
prehung, swinging door with Kwikset locks. Frames: 5/4" wood
jams.

Roof and Roof Structures: Shingles 220 lbs. 3 tab seal-down
fiberglass, 20 year manufacturer's warranty; 1/2" plywood
sheathing with 15 lb. felt underlayment; trusses: Wood Fink
Configuratin per BOCA and FHA for installation 24" O.C., designed
for 30 lb. snow load. Flashing material: aluminum.

Should you have further questions, do not hesitate to call on me.

John H. Prentiss

John H. Prentiss, P.E.
RD 9-Fair St., Carmel, NY 10512
914-878-6170/9217

cc: Guard Hill Development Corp.
File

JHP/snd



JOHN H. PRENTISS, P.E.
CONSULTING ENGINEER
RD 9 - FAIR STREET
CARMEL, N. Y. 10512

(914) 876-6170

EXHIBIT L

October 15, 1985

Real Estate Financing Bureau
New York State Dept. of Law
Two World Trade Center, Room 48061
New York, New York 10047

Re: Certification of Guard Hill Manor
Homeowners' Association
North Bedford Road, Mt. Kisco, New York 10549

Dear sirs:

The sponsor of the captioned offering plan for a Homeowners' Association (HOA) retained our firm to prepare a report describing the property when constructed (the "Report"). I examined the building plans and the Site Plan prepared by Bibbo Associates, P.E., dated January 1, 1984, and the Plat of Guard Hill Manor prepared by Donald J. Donnelly, L.S., dated December, 14, 1984, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the report.

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

I have read the entire Report and have 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 certify the Report does, to the best of our knowledge and belief:

(1) 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 we examine

(2) In my opinion afford potential investors, information on which to found their judgement 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

JOHN H. PRENTISS, P. E.

PAGE: 2

DATE: October 15, 1985

TO: Real Estate Bureau

SUBJECT: Certification of Guard Hill M

that we examined not:

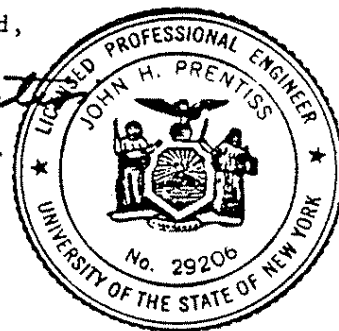
- (A) Omit any material fact.
- (B) Contain any untrue statement of a material fact.
- (C) Contain any fraud, deception, concealment or suppression.
- (D) Contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances.
- (E) Contain 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; (d) did not have knowledge concerning the representation or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Report is not contingent upon the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

The sponsor of the captioned offering plan for a Homeowners' Association retained me to prepare a report disclosing the condition of the HOA property when completed (the "Report"). I visually inspected the property on October 11 and 12, 1985; and prepared the "Description of Common Area Facilities To Be Owned & Maintained By The Homeowners' Association" dated October 14, 1985, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

Respectfully submitted,

John H. Prentiss
John H. Prentiss, P.E.



Sworn to before me this 16th
day of October, 1985.

Lorna M. Coctore
Notary Public

LORNA M. COCTORE
Notary Public, State of New York
Qualified in Putnam County
Term Expires March 30, 1986

snd
cc: Client
File

UNITED CONDOMINIUM MANAGEMENT CO., INC.

57 NORTH ST. SUITE 211
DANBURY, CONNECTICUT 06810
(203) 797-0733

EXHIBIT M

October 17, 1985

Real Estate Financing Bureau
New York State Dept. of Law
Two World Trade Center, Room 4861
New York, New York 10047

RE: Guard Hill Manor Homeowners Association
North Bedford Road
Mount Kisco, New York

Dear Sirs:

The sponsor of the homeowners association offering plan for the captioned property retained our firm to review Schedule A containing projections of income and expenses for the first year of operation as a homeowners association. Our experience in this field includes:

NAME -----	NO. UNITS -----	LENGTH OF TIME MANAGED -----
WESTWOOD VILLAGE	294	3 YRS.
VILLAGE SQUARE	131	5 YRS.
STONY HILL VILLAGE	82	1.5 YRS.
PARK RIDGE	138	1 YR.
ASPETUCK VILLAGE	188	1 YR.
CANDLEWOOD LAKE	72	2 YRS.
GOOD SHEPHERD HILL	105	NEW CONTRACT
MISTY HILLS	49	NEW CONTRACT
AUTUMN RIDGE	75	1/2 YR.
FARVIEW FARM	42	1 YR.
BREWSTER WOODS	50	1/2 YR.
TOWN IN COUNTRY	80	1/2 YR.

The president of the company, Mr. George Schafer, was the property manager at Village Square Condominium for two years prior to forming United Condominium Management. The company has offices at 57 North Street, Danbury, CT and 82 1/2 Maple Ave., Bethel, CT. The Management services provided include common charge collection, annual budget formulation, monthly bill paying, and attendance at all Board and Association meetings. Maintenance services include complete lawn care, spring and fall clean-up, snowplowing, pool maintenance, and a 24 hour answering service for emergencies.

United Condominium Management Company has also done work for the following Condominiums in New York State:

KINGS GRANT	CARMEL, NY
HALCYON VILLAGE	MILLBROOK, NY
MISTY HILLS	CARMEL, NY

For the above Condominiums United prepared the budget and the Management agreement to be included in the Public Offering statements.

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

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. We also have relied on our experience in managing residential property.

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 homeowners association.

We certify that the Schedule:

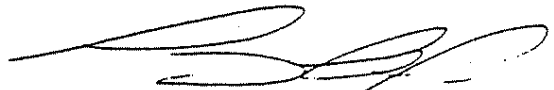
- (i) sets forth in detail the terms of the transaction as it related to the Schedule and is complete current and accurate;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of operation as a homeowners association;

- (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) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does 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 representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan.

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

Very sincerely,



George Schafer
President,
United Condominium Management
Company Inc.

Sworn to and subscribed to before me this 17th day of October, 1985.

LORNA M. DOCTORE
Notary Public, State of New York
Qualified in Putnam County
Term Expires March 30, 1986

LORNA M. DOCTORE
Notary Public, State of New York
Qualified in Putnam County
Term Expires March 30, 1986

EXHIBIT N

BARGAIN AND SALE DEED

THIS INDENTURE, made the _____ day of _____,
1985, between:

GUARD HILL DEVELOPMENT CORPORATION, a New York
Corporation, with offices at Route 6 and Simpson
Road, Carmel, New York 10512,

hereinafter the "GRANTOR"

AND

hereinafter the "GRANTEE"

W I T N E S S E T H :

That the GRANTOR, in consideration of TEN
(\$10.00) DOLLARS and other good and valuable considera-
tion paid by the GRANTEE, does hereby grant and release
unto the GRANTEE, and the heirs, successors and/or
assigns of the GRANTEE, forever:

ALL THAT certain plot, piece or parcel of
land, with the building and improvements
thereon erected, situate, lying and being
in the Village/Town of Mount Kisco, County
of Westchester, and State of New York,
being known and designated as Lot No. _____
on a certain map entitled "Subdivision Plat
of Wayside, etc." (Sheet 1 of 5) dated
February 2, 1984, revised December 14,
1984, prepared by Donald J. Donnelly,
Licensed Land Surveyor, New York License
No. 49000, and filed in the Westchester
County Clerk's Office, Division of Land
Records, on January 29, 1985 as Map No.
21827.

SUBJECT TO covenants, conditions, restrictions
and easements of record.

SUBJECT TO the state of facts as shown on the
aforesaid Subdivision Map No. 21827.

TOGETHER WITH the easements and SUBJECT TO the covenants, reservations, agreements, restrictions and other matters contained in the Declaration of Covenants, Conditions, Restrictions and Easements made by GUARD HILL DEVELOPMENT CORPORATION dated October , 1985 and recorded in the Putnam County Clerk's Office, Division of Land Records, on , 1986, in Liber at Page .

TOGETHER WITH the appurtenances and all the estate and rights of the GRANTOR in and to said premises.

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

THIS DEED does not convey to GRANTEE any right, title or interest in and to any streets or roads in front of or abutting the premises, the same being reserved to the GRANTOR for conveyance to the GUARD HILL HOMEOWNERS ASSOCIATION, INC., or having already been conveyed to said Association.

THIS CONVEYANCE is made during the normal course of business of the corporate GRANTOR with the consent of the holders of at least two-thirds (2/3rds) of the outstanding shares of the corporate GRANTOR entitled to vote thereon at a meeting duly called for such purpose.

THE GRANTOR covenants that it has not done or suffered anything whereby the premises have been encumbered in any way whatsoever except as aforesaid.

THE GRANTOR, in compliance with Section 13 of the Lien Law, covenants that the GRANTOR will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvement and will apply the same first to the payment of the improvement before using any part of the same for any other purpose.

The Tax Map designation for the premises herein described is: . Tax bills should be mailed to: .

IN WITNESS WHEREOF, the GRANTOR has duly executed this Deed the day and year first above written.

GUARD HILL DEVELOPMENT CORPORATION

By: _____

ACKNOWLEDGMENT

STATE OF NEW YORK)
COUNTY OF PUTNAM) ss:

On this _____ day of _____, 19____
before me personally appeared _____,
to me known and who, being by me duly sworn, did depose
and say that he resides at _____
_____ ; that he is the _____
of GUARD HILL DEVELOPMENT CORPORATION, the corporation
described in and which executed the foregoing instru-
ment; 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 h
name thereto by like order.

Notary Public