

124431
LAKE JOSEPH Realty Co. : ROUTE 42 SOUTH, P.O. BOX 163, FORESTBURGH, NY 12777 • 914-796-2400

AMENDED
OFFERING PLAN

THIS OFFERING PLAN RELATES SOLELY TO MEMBERSHIP
IN THE
LAKE JOSEPH HOMEOWNERS ASSOCIATION, INC.

AND DECLARATION OF COVENANTS AND RESTRICTIONS
APPLICABLE TO ALL LOTS, FOUR HUNDRED AND FIFTY (450)
ARE BEING OFFERED FOR SALE IN THE TOWNS OF
FORESTBURGH AND THOMPSON, COUNTY OF SULLIVAN,
NEW YORK

APPROXIMATE AMOUNT
OF OFFERING:

Cost of common areas facilities
\$200,000.00 (Cost of Common Areas
and facilities are included in
the price of the Lots)

NAME AND ADDRESS OF
SPONSOR AND SELLING AGENT

LAKE JOSEPH REALTY CO.
P.O. BOX 163, FORESTBURGH, NY 12777

The approximate date of the first offering of this Plan is June 5, 1982.

The Plan may not be used after 9/30/89 unless extended or amended.

THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL MEMBERSHIPS
IN THE LAKE JOSEPH HOMEOWNER'S ASSOCIATION, INC. NEW YORK LAW
REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION
CONCERNING MEMBERSHIP IN THE LAKE JOSEPH HOMEOWNER'S
ASSOCIATION, INC. AND TO FILE THIS PLAN WITH NEW YORK STATE
DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL SUCH
MEMBERSHIPS. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN
THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY APPROVED
THIS OFFERING.

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE 1



STATE OF NEW YORK
DEPARTMENT OF LAW

120 BROADWAY
NEW YORK, NY 10271

(212) 341-2148

ROBERT ABRAMS
Attorney General

FREDERICK K. MEHLMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

Lake Joseph Realty Co.
c/o Robert L. Katzman
Attn: Robert L. Katzman
51 Sutin Place
Spring Valley, NY 10977

RE: Lake Joseph Estates
File Number: H810049
Date Amendment Filed: 03/28/90
Receipt Number: 661313570

Amendment No: 2
Filing Fee: \$ 150.00

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. This filing is effective for the greater of six months from the date of filing this amendment or twelve months from the acceptance of the original offering literature. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

Any misstatement or concealment of material fact in the material submitted as part of this amendment renders this filing void ab initio. This office has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this letter is conditioned upon the collection of all fees imposed by law. This letter is your receipt for the filing fee.

Very truly yours,

Jacqueline Orrantia
JACQUELINE ORRANTIA
ASSISTANT ATTORNEY GENERAL y.H.

AMENDMENT #2 TO LAKE JOSEPH ESTATES OFFERING PLAN

Dated September 30, 1989

(1) Risk factor number 7 concerning Officers and Directors liability insurance has been eliminated due to the fact that such insurance has been obtained. This change will also be reflected in the budget for the Homeowner's Association by the addition of the premium for such insurance in the amount of \$1,800. Footnote number 2 on page 13 is amended to state that premium.

(2) The budget for the Homeowner's Association as shown on page 12 is corrected and a new page 12 is annexed as Exhibit 1.

(3) The last paragraph in the section concerning the Beach Area found on page 24 is amended to read as follows:

"There is currently a structure located adjacent to the beach area on association property that is referred to as the "Boat House". That structure is in a state of disrepair. It was originally the Sponsor's intention to demolish the structure, but the Homeowner's Association expressed their desire that it remain intact. The Homeowner's Association intends to rehabilitate the structure."

(4) The last paragraph in the section concerning the Inn at Lake Joseph found on page 31 is amended to read as follows:

"In addition to the Inn two residences located within the original bounds of the property, one adjacent to the Inn and one across Black Brook from the Inn were also given the option to join the Homeowner's Association. They have both decided to join."

(5) The Sponsor and the Homeowner's Association entered into an agreement on June 30, 1989 which, in essence, provided as follows:

(a) The Sponsor agreed to pay the sum of \$50,000 to the Homeowner's Association over the next five years. That sum was to be spent as determined by the Board of Directors and was not subject to a veto by the Sponsor.

(b) The Sponsor agreed to pay the Homeowner's Association the sum of \$5,000 to be used for other than ordinary maintenance.

(c) Sponsor agreed to send copies of amendments and municipal filings to the President of the Homeowner's Association.

(d) Sponsor agreed to remove the marina at the South end of the lake; remove any fallen trees obstructing the use of the roads or lying on the shore line of the common areas near the lake.

(e) The Sponsor agreed to connect each residence to the sewer treatment plant when it is operational and as a part of that service to fill in or remove any septic tanks and to restore the landscaping after completion of the work.

(f) The Sponsor agreed to transfer title to the swimming pool upon request of the Homeowner's Association. The Sponsor agreed to continue paying the maintenance, repair and insurance for the swimming pool as part of its contribution in lieu of membership dues.

(g) The Sponsor will hold one seat on the Board of Directors.

(6) A copy of the current Lake Joseph Homeowner's Association financial statement is annexed hereto.

(7) A copy of the Lake Joseph sales contract is annexed hereto. Please note that the contract has been amended by the addition of the provisions of Article 36-B of the General Business Law concerning Housing Merchant Implied Warranty. Those provisions require the seller of newly constructed homes to warrant the structure and the systems for definite periods of times. This Implied Warranty will not effect those buyers at Lake Joseph that buy lots without houses.

expenses for the Association. It is intended to show the approximate monthly and annual assessment per lot.

LAKE JOSEPH HOMEOWNER'S ASSOCIATION, INC.
Estimated Annual Expenses for the period July 1, 1989 - June 30,
1990

Lots Sold	<u>26</u>	<u>450</u>
Estimated Income		
@ 250 per lot per annum	\$ 6,500	\$112,500
Estimated Expenses:		
Insurance, Liability, etc.		
Common Areas (2)	\$ 6,800	10,000
Taxes (3)	12,800	50,000
Trash Collection (4)	0	0
Maintenance	10,000	40,000
Landscape, Facilities		
and Administration (5)		
Miscellaneous Expense (6)	2,250	5,500
Office Expense (inc. telephone) (7)	1,500	2,000
Legal Accounting (8)	2,150	5,000
Reserve for contingencies (9)	1,150	
Reserve for capital improvement	0	0
Total	<u>\$36,650</u>	<u>\$112,500</u>
Deficit	\$30,250	

LAKE JOSEPH
CONTRACT OF SALE

THIS AGREEMENT, dated as of
1988 LAKE JOSEPH REALTY CO., a New York corporation located at
c/o Blank & Katzman, 49 South Main Street, Spring Valley, New
York, Seller and
Name(s):
Address:

hereinafter designated as Purchaser:

1. Seller agrees to sell and convey
Purchaser agrees to purchase the following described premises
(the "Premises") under all terms and conditions stated herein:

ALL that certain plot, piece or parcel of land, situate,
lying and being in the Town of Forestburgh, County of Sullivan,
State of New York known and designated as Lot on a Map
entitled "Plat Plan for Phase I Section A of Lake Joseph
Development Company, Sheet 3, dated June 21, 1982, latest
revision July 26, 1983, filed in the Sullivan County Clerk's
Office on October 24, 1983 as Map #1061.

SUBJECT to the Declaration of covenants, restrictions,
easements, charges and liens made by LAKE JOSEPH DEVELOPMENT
CORP., which are filed in the Sullivan County Clerk's Office.

2. The purchase price for the Premises
is the sum of payable as follows:

\$	Deposit on signing this agreement
\$	Additional Deposit on
\$	In cash or certified check upon the transfer of title.

3. The transfer of title and closing of
the within transaction shall take place at the offices of Blank &
Katzman, Esqs., 49 South Main Street, Spring Valley, New York
10977 or at such other place as may be designated by Seller on
the 1988. This contract may be terminated by
the Seller, at its discretion, if the Purchaser fails to close on
the date indicated unless an extension is agreed to in writing.

4. Seller shall convey the Premises to
Purchaser by Bargain and Sale Deed in proper form for record,
which deed shall include the covenant required by subdivision 5,
Section 13 of the Lien Law. If Seller conveys in any trust

capacity, the usual deed given in such cases shall be accepted. The said deed shall be prepared, duly executed and acknowledged by Seller and have transfer tax stamps in the proper amount affixed thereto, all at Seller's expense, so as to convey to Purchaser the fee simple of the Premises free and clear of all liens and encumbrances, except as herein stated.

5. Seller shall convey said premises subject to all covenants, conditions, restrictions and easements of record and zoning laws. Subject also to any state of facts which an inspection and/or an accurate survey of the premises may show provided the same does not render title unmarketable.

6. If Purchaser gives a purchase money mortgage it shall be accompanied by the usual bond; both shall contain the clauses usually contained in the Statutory forms of bond and mortgage. The mortgage recording tax, expense of drawing mortgage papers and recording fee for the mortgage shall be paid by Purchaser.

7. Seller may pay and discharge any liens and encumbrances not provided for herein out of the moneys to be paid by Purchaser on the transfer of title.

8. If said premises are conveyed subject to a mortgage or mortgages, Purchaser shall assume and agree to pay the same; if the amount thereof is less than herein set forth Purchaser shall have the option of paying the difference in cash or giving a purchase money mortgage, with the terms, for the said difference; in any event, the total amortization on all said mortgages shall not exceed the amount originally contemplated and this contract shall not be affected because of said incorrect figure.

9. All common charges, taxes and interest shall be adjusted pro-rate to the day of transfer. If Seller has already made or shall have made before the time of closing any payments in advance on account of insurance and/or taxes and common charges payable after closing to a mortgagee whose mortgage is to remain on the premises Purchaser is to reimburse Seller for the total of these payments in cash, at the time of closing.

10. In the event Seller is unable to convey title in accordance with the terms of this agreement, Seller's sole liability will be to refund the amount paid on account of the purchase price and to refund reasonable net cost of examining the title.

11. The parties agree that is the broker who brought about this sale and the Seller agrees to pay any commission earned thereby.

12. This instrument contains all agreements of the parties hereto. There are no promises,

agreements, terms, conditions, warranties, representations, or statements other than contained herein. There may be no modification or amendment of this agreement, except in writing executed by the parties hereto. This contract, or any part thereof, shall not be assigned without prior written consent of the Seller and Broker herein.

13. At the closing of the title the Seller shall deliver to Purchaser a certified check to the order of the recording officer of the county in which the deed is to be recorded for the amount of the documentary stamps to be affixed thereto in accordance with Article 31 of the Tax Law, and a certified check to the order of the appropriate county officer for any other tax payable by reason of the delivery of the deed, and a return, if any be required, duly signed and sworn by the Seller; and the Purchaser also agrees to sign and swear to the return and to cause the check and the return to be delivered to the appropriate county officer promptly after the closing of title.

14. The Seller shall give and the Purchaser shall accept a title such as American Title Insurance Co., a member of the New York Board of Title Underwriters, will approve and insure.

15. The amount of any unpaid taxes, assessments, and common charges which the Seller is obligated to pay and discharge with the interest and penalties thereon to a date not less than two business days after the date of closing title, may at the option of the Seller be allowed to the Purchaser out of the balance of the purchase price, provided official bills therefor with interest and penalties thereon figured to said date are furnished by the Seller at the closing.

16. All monies paid either on the signing of this agreement or as additional deposit shall be held in escrow at Nanuet National Bank, Spring Valley, New York, in an account known as Blank & Katzman, Special Account, to be payable to the seller at the date of closing. In the event of default by the Purchaser, which default continues for thirty days after notice of such default by the Seller, the down payment (to a maximum of 10% of the purchase price) shall be released to the Seller from such account as liquidated damages. If the Seller accepts such amount as liquidated damages, neither party shall have any right or obligation against the other. The trust funds shall be held in accordance with Section 352 e 2b and 352h of the General Business Law of the State of New York.

17. You have the option to void your contract of sale by notice to the Seller if you did not receive an Offering Plan approved by the Attorney General's Office of the State of New York at least three business days prior to the execution of the Contract of Sale.

18. Any conflict between the Offering

Plan and the Contract of sale will be resolved in favor of the Offering Plan.

19. The Purchaser will be given fifteen days notice to close.

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands and seals the day and year above written.

LAKE JOSEPH REALTY CO.

By _____

RIDER TO CONTRACT OF SALE

If the transaction involves the sale of a newly constructed residence the following warranty shall apply:

(1) The Seller warrants, for a period of one year, that the home will be free of defects caused by workmanship or materials that do not meet the standards of the applicable building code; for items not covered by code, the construction is in accordance with locally accepted building practices.

(2) The Seller warrants, for a period of two years, that the plumbing, electrical, heating, cooling and ventilation systems will be free of defects caused by unskillful installation.

(3) The Seller warrants, for a period of six years, that the home is free from physical defects in the structural elements (foundation, floors, walls, and roof framing) which makes it unsafe or unlivable.

(4) Items that are not covered by this warrantee are as follows:

(a) A defect not caused by defective workmanship, materials or design.

(b) A patent defect which was obvious or would have been obvious upon inspection.

(c) Defects in items sold with the house, such as stoves, refrigerators, air conditioners, etc.

(5) The Buyer must give notice of any defect in their home in writing no later than 30 days after the end of the warranty period.

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SPECIAL RISK

(1) Please note that although the Sponsor will sell vacant lots at Lake Joseph it is requiring that the residences to be constructed on such lots be built only by a builder approved by the Sponsor. The Sponsor's decision shall be final and may be arbitrary.

(2) Until 75% of the lots are sold the Sponsor has retained the right to veto the budget proposed by the Board of Directors of the Homeowners Association.

(3) The Sponsor does not guarantee that additional recreational facilities will be installed nor is a time indicated when a decision will be made to construct or not to construct such facilities.

(4) The lots at Lake Joseph are being sold subject to a Declaration of Covenants, Easements, Charges and Liens. The Declaration contains provisions that limit each lot owner's use of his property. The text of the Declaration is set out in its entirety as Exhibit I to the Offering Statement. It should be read prior to the execution of the contract of sale.

(5) The budget for the association has not provided for the establishment of a reserve fund to replace the pool and the tennis courts. (see page 12)

(6) In the event that the swimming pool is deeded to the homeowners association and accepted by the association, the annual assessment may increase to reflect the cost of operating the pool. (see page 14)

(7) At present the homeowners association does not

carry officers and directors liability insurance. (see page 13 paragraph 2)

(8) The budget for the association shows a deficit. The Sponsor has currently elected to pay the deficit rather than pay association dues on a per lot basis. (see pages 12 and 17)

(9) The Sponsor has the right to merge existing contiguous lots into one lot or create extra large lots. There is a possibility that this practise may reduce the number of lots below the 450 contemplated, however, if a reduction does occur it will not be substantial. In that event the gross amount of the budget produced by assessments will decrease. If the expense items shown in the budget remain the same as indicated on page 12, individual assessments will have to be increased. In the event that it is anticipated that such a contingency might occur the Sponsor will amend this Offering Plan to provide a new budget detailing the amount of the anticipated increase in assessments.

(10) In preparation for the construction of the development a building in the area of lot #9 was demolished. During the demolition process a small number of the siding tiles fell into the lake and remained there until recently. An examination of the tiles revealed that they contained asbestos. A subsequent engineering study determined that none of the asbestos fibers got into the lake and that the water quality was unaffected. A contract to remove the tiles has been entered into with Vliet Construction Company, Inc. and the work will be completed as soon as the weather conditions permit in the Spring of 1989.

(11) At this time Lake Joseph has two sand filters

in operation as part of its sewer system. Those sand filters are legally sufficient to service 30 residences. As of this time all of the available sewer service slots are taken. In order to obtain additional building permits the sponsor will have to either construct an additional sand filter, install its sewer treatment plant or bond the construction of the third sand filter. The Sponsor has elected to construct the third sand filter at this time. It is anticipated that it will be completed by June of 1989.

INTRODUCTION

The Sponsor, Lake Joseph Realty Co., is the owner of a certain parcel of land situate in the Towns of Thompson and Forestburgh, Sullivan County, New York, which parcel by deed calls for 1200 acres of land including a private lake consisting of approximately 250 acres. The property had, in the past, been used as a sanitorium owned by the Sisters of St. Dominick known as St. Joseph's Sanitorium, a Catholic Parochial School and Catholic summer camps. A section of the property has been sub-divided into 97 lots. The section is the first of four sections. The total number of lots in the sub-division will be 450. In addition there will be three sections known as "Green Areas 1 and 2 and a Beach Area." (See the plot plan annexed hereto as Exhibit VIII). The location of LAKE JOSEPH is shown on a map which appears as Exhibit IX.

All owners of lots at LAKE JOSEPH automatically become members of the LAKE JOSEPH HOMEOWNER'S ASSOCIATION, INC.,

(the "ASSOCIATION"), a New York, Not-For-Profit Corporation formed for the purpose of preserving, protecting and enhancing the value of the community facilities and insuring the enjoyment of the rights, privileges and easements with respect thereto. This obligation is set forth in the Declaration of Covenants, Restrictions, Charges and Liens (the "Declaration") to which each of the lots is subject as provided in the Contract of Sale and Deed.

The common areas known as the beach areas and green areas one and two have been conveyed, free of liens, to the Lake Joseph Homeowner's Association, Inc. simultaneously with the conveyance of the first lot. Additional common areas located in Phases II, III and IV will be conveyed either to the joint homeowner's association or to the association formed for each section, if such event takes place, at the time that the lots in those Phases are permanently platted. At the time of their conveyance they too will be conveyed free of liens.

By this Offering Statement, the Sponsor is offering 97 lots for sale in Phase One. As of October 1, 1988, 26 lots have been sold to purchasers. The Offering Statement will be amended to include subsequent Sections as the property in those sections is sub-divided. It is the intent of the Sponsor to develop the property into a total of 450 lots over approximately a ten-year period.

A portion of the sub-division shown on said map as "Green Areas 1 and 2" and "Beach Area" will not be developed and will be used as a community recreational and beach area. Those areas have been deeded to the Association. A swimming pool and

three tennis courts have been constructed for the use of Association Members. At present the swimming pool is located on a lot owned by the Sponsor. The Sponsor intends to convey the pool to the Section A Homeowner's Association free of charge. If the homeowners association accepts it.

No bonds or other security have been provided by the Sponsor to make contributions to cover the cost of maintenance prior to the sale of all lots in the sub-division, and the Sponsor's ability to make such payments will depend upon its financial condition at the time such payments become due.

The Sponsor makes no representation that the development of Lake Joseph will be complete by July 1, 1987.

ALL OF THE DOCUMENTS REFERRED TO IN THIS OFFERING PLAN ARE IMPORTANT. IT IS SUGGESTED THAT YOU CONSULT WITH YOUR OWN ATTORNEY OR FINANCIAL ADVISOR BEFORE SIGNING ANY CONTRACTS AND ALSO PROVIDING HIM WITH A COPY OF THIS OFFERING PLAN. All purchasers of lots and/or improved lots in the Development should be aware that if they resell their lot or improved lot, those who purchase from them will also automatically become members of the Association, assuming all rights and obligations. See By-Laws set forth herein as Exhibit III.

This offering relates solely to the common areas to be owned by the LAKE JOSEPH HOMEOWNER'S ASSOCIATION, INC.

The aforesaid lots to be offered for sale are subject to certain restrictions as set forth in Exhibit I, Article II, to wit, the Declaration (See "use of Lots", page 16).

Membership in the Homeowners' Association is included in the price of the lot.

ASSESSED VALUATION

The town assessor has informed the Sponsor that the value of the Common Area can be estimated to be approximately \$317,500.00. This estimate may be increased or decreased after a formal evaluation of the Common Area. For purposes of the proposed budget, taxes will be estimated on this proposed assessment.

SEWAGE AND WATER SYSTEMS

a. The sewer system which has been constructed on the property is owned by a transportation corporation incorporated pursuant to the Transportation Corporation Law of the State of New York and wholly owned by its shareholders. The shareholders are the same persons or entities that control the Sponsor.

In essence, the sewer system will be comprised of a sewage treatment plant and a system of collection lines which will be constructed throughout the development. The sewage will be pumped or gravity fed into sewer lines which will eventually be discharged into Black Brook at the south end of the sub-division. Expenses associated with the repair or replacement of the sewer system will be paid for by the Sewer Corporation and paid for by fees charged to the users of the system.

The sewer system currently uses septic tanks at each house to hold solids and a central sand filter system instead of a treatment plant. The plans for the treatment plant are currently awaiting approval by the Department of Environmental Conservation. It is anticipated that the plant will be installed

in late 1989 or early 1990.

b. The water system is owned by a transportation corporation formed under the Transportation Corporation Law of the State of New York and is wholly owned by its shareholders.

The water system will draw water from wells located in property owned by the water company. The water will then be pumped into a reservoir located on the east side of Route 42. If necessary, an additional reservoir or reservoirs will be constructed on the east side of this sub-division at a future date. The water will then be fed through water mains to each of the lots in the sub-division.

All expenses associated with the repair or replacement of the water system will be borne by the Lake Joseph Water Company and will be funded by water charges billed to Association members based upon usage. These charges will be in excess of the annual assessment charged by the homeowner's association. The tariff approved by the Public Service Commission provides for a minimum quarterly charge of \$120 plus a charge of \$2 per thousand gallons. A copy of the tariff is on file at the office of the sponsor. The estimated annual charge for year round usage is \$630 and the estimated annual charge for seasonal usage is \$530.

TOPOGRAPHY

The elevation of Lake Joseph is approximately 1430 feet above sea level and the high point on the property is approximately 1600 feet above sea level. The sub-division is located primarily around the lake and on the west and south portions of the property. The sub-division is approximately two and one-half miles from north to south and one mile from east to west. The property slopes upward gently from the Lake and the terrain is, for the most part, gentle and rolling.

RIGHT TO RENT

There shall be no prohibition against the rental of residences by members. The tenants will have the right to use the Association property in the same manner as lot owners. The lot owners will be responsible to the Association for payment of all assessments.

THE ASSOCIATION

The Association was formed on February 5, 1982 under the Not-for-Profit Corporation Law of the State of New York. It is a type "A" corporation under the aforementioned law. A copy of the Certificate of Incorporation is contained herein as Exhibit II.

MEMBERSHIP

All purchasers of lots (either improved or unimproved) automatically become members of the Lake Joseph Homeowners Association, Inc. (the Association) and will be subject to the rights and obligations of such membership. The obligation is set forth in the Contratt of Sale (see Exhibit IV) and the deed (see Exhibit V) referring to the Declaration of Covenants and Restrictions (the Declaration) which governs the use and ownership of land within the development. A summary of the Declaration is set forth at page 19. The full Declaration is attached hereto as Exhibit I.

The Association will own the aforesaid Common Areas for the use and enjoyment of its members. A full description of these areas and facilities is set forth at page 22.

MANAGEMENT AND VOTING RIGHTS

Members of the Association will have the rights to

vote annually for the Board of Directors who will conduct the affairs of the Association and supervise the operation of the common areas and facilities.

Pursuant to Article IV of the Declaration of Covenants, Restrictions, Easements, Charges and Liens, one class of voting members is created. The members will be all lot owners including the developer. A member shall be entitled to one (1) vote for each lot owned by said member. In spite of this provision, Section 611 of the Not-For-Profit Corporation Law of the State of New York has been interpreted to provide that all members are entitled to one vote each regardless of the number of lots that they own.

The By-Laws (contained herein as Exhibit III) require three (3) directors. The present officers and directors have been elected by the members of the Lake Joseph Homeowner's Association, Inc. The current officers are:

Edward Tan	-	President
Dian Gendler	-	Treasurer
Eugene Blabey	-	Director
Martin Richman	-	Director
Ben Yamen	-	Director (representing

Sponsor)

The Board of Directors, which is elected on the basis of one vote per member is controlled by the lot owners who will have a majority of the votes. The Sponsor will retain a veto power over the Budget of the Association until 75 per cent of all of the lots are sold.

ANNEXATION OF OTHER REAL ESTATE

The Declaration of Covenants, Restrictions, Easements, Charges and Liens does not provide that the developer may annex to the development other real estate. However, the developer has decided to construct the development in sections. In spite of the fact that the first section contains only 97 lots, there will approximately 450 lots in total as part of the completed development.

ASSESSMENTS

The costs and expenses of operating the Association and of making improvements, if any, will be allocated among the lot owners and assessed by the Board of Directors. Every lot owner, merely by becoming an owner, covenants and agrees to pay annual assessments, and special assessments, if any, to enable the Association to carry out its functions.

The assessments shall be for the maintenance, preservation, operating and improvement of the Association property including snow removal on undedicated roadways, landscape maintenance, and general maintenance.

Any sum assessed by the Board of Directors of the Association which is unpaid, together with interest and collection costs will constitute a personal obligation of the person who was the owner of the lot when the assessment fell due, as well as a charge on the land and a continuing lien on the property against which the assessment is made.

Purchasers of existing lots should request the seller to furnish a certification from the Association certifying that there are no unpaid assessments for the lot.

BUDGET

LAKE JOSEPH ESTIMATED

RECEIPTS AND EXPENSES

The following is an estimate of the receipts and

expenses for the Association. It is intended to show the approximate monthly and annual assessment per lot.

LAKE JOSEPH HOMEOWNER'S ASSOCIATION, INC.

Estimated Annual Expenses for the period July 1, 1989 - June 30, 1990

Lots Sold	<u>26</u>	<u>450</u>
Estimated Income		
@ 250 per lot per annum	\$ 6,500	\$112,500
Estimated Expenses:		
Insurance, Liability, etc.		
Common Areas (2)	\$ 5,000	10,000
Taxes (3)	12,800	50,000
Trash Collection (4)	0	0
Maintenance	10,000	40,000
Landscape, Facilities		
and Administration (5)		
Miscellaneous Expense (6)	2,250	5,500
Office Expense (7)	3,500	2,000
Legal Accounting (8)	3,000	5,000
Reserve for contingencies (9)	1,500	
Reserve for capital improvement (10)	0	0
Total	<u>\$38,050</u>	<u>\$112,500</u>
Deficit	\$31,550	

(1) The total Common Charges are based on a yearly charge of \$250.00 per lot (a total of 450 lots are involved in the entire sub-division).

(2) The insurance estimate is based on a general liability policy issued by the Travelers Insurance Group in which the proposed insured is LAKE JOSEPH HOMEOWNER'S ASSOCIATION, INC. The estimated premium for Officers and Directors liability insurance is not included and if such coverage is desired it will cost approximately \$3,500 per annum.

(3) Real Estate Taxes The taxes estimated herein are based on an estimate of \$12,800 per year as a total tax obligation. That amount is based on the current real property tax on the following property owned by the Homeowner's Association:

Lake Joseph	-	\$ 4,400
Common Areas	-	7,000
Tennis Courts	-	<u>1,400</u>
		\$12,800

No warranties or representations are made that the assessments will be exactly as set forth herein, nor are any representations made that the tax rate will not change in the future. Each lot will be assessed separately and each property owner will be responsible for his own real estate taxes. The real estate taxes on unsold lots will be paid by the Sponsor until those lots are sold.

(4) Trash Collection is the individual responsibility of each lot owner. This service will not be

provided by the Association. The approximate monthly charge will be \$10 from a private carting service.

(5) General Maintenance Those walkways indicated on the map of the development as private will from time to time need repairing. There is no representation that the amount set aside for maintenance is either adequate or excessive; only after the plot as been completely developed and the roadways put to use can it be determined how much the wear and tear on these roads will amount to. The Beach area must be kept clean of debris and will require a measure of maintenance, the exact nature of which cannot be determined until the beach is put to use. In addition, other recreational areas as well as the landscaped common areas will require the services of maintenance personnel. The amount of money required for such services will increase as more areas of the property are developed and the common facilities increase. Eventually, it is anticipated that one full-time employee will be employed at a salary of approximately \$15,000 per annum including fringe benefits. During the months of May-September, part time employees will be employed as they are needed. The aggregate salaries paid to such personnel is expected to be approximately \$10,000 including fringe benefits. The sum of approxiately \$15,000 will be required for fuel, repair and maintenance of equipment.

At present the swimming pool located in Section A is owned by the Sponsor. It will be conveyed to the Homeowner's Association in the near future. The assessment can be expected to increase to cover the additional maintenance and insurance required by the owership of the pool. The current costs for the

pool are comprised of the following items:

- (a) chlorine - \$800 per annum
- (b) opening and closing - \$1,500
- (c) insurance - \$800
- (d) taxes - \$1,600

The requirements of the Department of Health for a lifeguard at the pool have thus far been subject to an exemption. At the time when 35 or more people utilize the pool a lifeguard will be required. The anticipated cost for that service will be \$3,000 per year. Annual assessments will have to be increased to fund that expense.

The pool, with reasonable maintenance and upkeep, should last for a useful life of 20 years. The replacement cost of the pool is estimated at \$70,000.

The tennis court surfaces have a useful life of approximately 7 years. The cost for resurfacing is approximately \$1,500 per court for a total of \$4,500. At present there is no reserve for capital expenditures established. Replacement of capital items will have to be funded with a Special Assessment.

(6) Miscellaneous expense is designed to cover such items as social and entertainment, newsletter and enforcement of association rules.

(7) The category of office supplies and expenses is based on an estimate and is intended to defray the Association's expenses of office employees, (including salaries and fringe benefits), postage, stationery, etc. as required to meet the obligations of the Association. Officers perform their duties without pay.

(8) Legal and Accounting This figure is an estimate of anticipated cost of providing the accounting and legal services required in connection with the fulfillment of the Association's obligations to its members, including the preparation of financial statements and tax forms, and attendance by the Association's accountant and attorney, when required, at meeting of the Board of Directors and the annual meeting of the Association.

(9) This fund is for contingencies and may be spent for any contingencies or for any increases in the cost of insurance, taxes, plowing, maintenance or any other expense and for franchise taxes in the amount of \$250 payable to the State of New York, if required.

(10) A reserve has not been established to cover miscellaneous and unforeseen capital replacement. Any such expenses will be covered by special assessment.

SPONSOR'S REPRESENTATION REGARDING ASSESSMENTS

The foregoing budget is based on the estimates solicited by the Sponsor from various contractors. The budget for future years will be subject to such increases as are necessitated by periodic cost increases for the services involved and will be subject to such adjustments as the Association may elect from time to time.

Under the terms of the Declaration the Sponsor's voting control in the affairs of the Association ceased on July 1, 1987. In addition, the Sponsor will retain veto power over the Association's budget until 75 percent of all sub-divided lots are

sold. After such date, annual budgets will be established by the Board of Directors of the Association. The Board will be elected by the owners of a majority of the members of the homeowner's association. Even if the Sponsor owns a majority of the lots at such time, it may not vote its shares so as to elect more than a minority of the Board of Directors after July 1, 1987.

The Sponsor makes no representation regarding the eventual cost of assessments levied once the budgets are set by directors elected by the lot owners. During the first five years of development, however, the Sponsor agrees that the basis for assessments will be the budget set forth herein, that there will be no increase in the basis for individual assessments during the first year, and that there will be a maximum annual increase of 5% during such time as the budget is controlled by the Sponsor. Sponsor will not pay individual assessments, but in lieu of that the Sponsor agrees to absorb all increases in actual cost during the first year and all increases in excess of 5% annually thereafter until all of the lots are sold. After July 1, 1987 the Sponsor may elect to pay either the levied assessment on each lot or the excess of actual cost over total assessments received from the sold lots at its sole discretion. In the event Sponsor makes these contributions, he will amend this plan to disclose the extent of the contributions. In addition the amount of the contributions will appear in the financial statements each year.

DECLARATION OF COVENANTS AND RESTRICTIONS

Attached hereto as Exhibit I is the Declaration of Covenants, Restrictions, Easements, Charges and Liens, which Declaration will be filed in the Sullivan County Clerk's Office simultaneously with the conveyance of the first lot in the sub-division.

According to the Declaration, Lots 1 through 97, as shown on a map entitled "LANDS OF LAKE JOSEPH DEVELOPMENT CORP." situate in the Towns of Thompson and Forestburgh, Sullivan County, New York, survey and map made by Frederick Harris licensed land surveyor, will be a sub-division restricted for residential use. The lot restrictions are set forth in Article II of the Declaration, which Article basically restricts the property to residential use.

All owners of lots will have an easement over the various rights of way as shown as a map to the beach and the common beach area. This common area will be owned by a homeowner's association entitled "Lake Joseph Homeowners' Association, Inc.", which corporation has been incorporated by the filing of a Certificate of Incorporation in the New York State Secretary of State's Office as a Not-for-Profit Type A corporation on the 5th day of February, 1982. All lot owners will become members of this corporation and shall cease to be members upon

the sale of their lot. All lot owners shall pay a maintenance charge for the cost of maintaining said common area, which presently is estimated at \$250.00 per year per lot. This maintenance obligation shall be a lien on the property and shall be enforceable as is any other lien.

By accepting a deed, lease or other instrument covering any interest in a lot, the grantee, lessee or other person accepting such interest covenants to observe, perform and be bound by the provisions of the Declaration, including the personal responsibility for the payment of all charges and assessments which may become liens while such person has an interest in the lot.

The Declaration, with certain exceptions, may be amended upon the consent of the Owners having not less than three-fourths (3/4) of the votes of all Lots which are subject to the Declaration.

The Developer, Lake Joseph Realty Corp., has no other adjacent land and has not plans to annex to the development other real estate, except for those sections containing approximately 354 lots which will be formally sub-divided at a future date. In addition, there exists in the vicinity of the sub-division eight parcels of property which may be annexed to the development or pay for sewer, water, or recreation privileges.

The Declaration also concerns a number of restrictions (see The Declaration, Exhibit I. Specifically Article II). These concern the following:

Restrictions 1 through 5 of Article II provide essentially as follows:

The lots may be used for one residential building containing not less than ~~eleven~~ hundred square feet of space in the living area; being no taller than thirty feet in height on most waterfront lots; and set back at least 50 feet in front and twenty feet on both sides from the property lines. All waterfront dwellings must be set at least 100+ feet back from the waterfront except those constructed on lots 26 and 27, those must be at least 50 feet back from the waterfront.

Restrictions numbered 6-19 concern the following:

- (6) Further subdivision
- (7) Camping
- (8) Time of construction completion
- (9) Approval of exterior design, construction materials, building placement and builder
- (10) Storage of recreational vehicles
- (11) Garbage
- (12) Animals
- (13) Noxious or offensive use and signs
- (14) Fencing
- (15) Maintenance
- (16) Sewage treatment facilities and water systems
- (17) Television and radio antennas

(18) Tree and vegetation removal

(19) Use of Lake Joseph

The Declaration is a declaration which runs with the land and shall be binding on all subsequent purchasers of lots from Lake Joseph Realty Co. or its successors. A complete copy of the Declaration is attached hereto as Exhibit I.

ASSOCIATION PROPERTY

Lake Joseph is comprised of approximately 1200 acres of which approximately 800 acres will be common areas. As each section is platted the common areas will be deeded to either the association created for that section or the association representing all of the homeowners. The location of the common areas for Phase I is shown on the plot plan appearing as Exhibit VIII.

The Association Property will contain recreational facilities which will be owned by the homeowners' association.

ASSOCIATION FACILITIES

The common areas throughout Lake Joseph will consist of an Association beach and recreation area and treed areas. The developer has the right but not the obligation to construct tennis courts, swimming pools and other recreation amenities in the common area, at the developer's expense. If such future construction is actually done this will increase the annual maintenance cost. If and when the developer decides to construct these recreation facilities this Offering Plan will be amended to reflect the increased budget.

The regulations for bathing facilities, promulgated by the Department of Health of the State of New York, were amended effective May 30, 1988. The regulations now require either a qualified lifeguard to supervise pools and beaches or, in the cases of temporary residences, a responsible person may be substituted. When there are 35 or fewer bathers the lifeguard or

responsible person requirement will be deemed satisfied if the following five conditions are met:

(1) A minimum of two adults, each 18 years of age or older are present at all times the bathing facility is used;

(2) Children less than 18 years of age are accompanied by parents/guardians;

(3) A free telephone is provided at the facility with posted telephone numbers for the nearest emergency service (police, fire department, ambulance, hospital);

(4) Warning signs of minimum 36" x 24" size with letters at least 2 inches high for the first line and 3/4" high for all other lines shall be placed at all entrances and shall state:

WARNING -- NO LIFE GUARD ON DUTY

Two or more adults shall be present when the bathing facility is in use.

Children must be accompanied by parents or guardians.

Hours when the bathing facility is open.

(5) The owner/operator of the bathing facility shall keep an accurate record of daily and peak attendance at the bathing facility and in the water and shall furnish same to the Permit Issuing Official (P.I.O.) within 10 days of the end of each operating month and upon request. This record shall also include the results of spot checks on rule compliance, water quality, and weather conditions. All bathing facility users are to sign a log before entering the bathing area and include the name, age, and number of room, cabin, campsite, etc., for each

bather. The log shall be available for review by Health Department personnel.

ROADS AND WALKWAYS

The roads and walkways are shown on the plot plan annexed hereto as Exhibit VIII. The roadways consist of a 50 foot right-of-way containing a 20 foot wide paved surface with a 2 foot shoulder on the right and a 2 foot shoulder on the left. The driving surface will conform to standards established by the municipalities involved. The roadways, with the exception of those indicated as private, will be dedicated to the municipalities. The walkways will be unpaved.

DRAINAGE

Drainage is provided in necessary areas through a storm sewer or open stream. Roadside drainage will be provided along all roads to handle any runoff generated by the development.

LANDSCAPING

The basic ground cover will be grass, both sod and seed. All disturbed areas will be reseeded as quickly as feasible after the systems have been installed.

BEACH AREA

The beach area is presently in a state of disrepair. It was originally the Sponsor's intention to rehabilitate the beach by July 1, 1987, this was not accomplished. The major

reason was the fact that the dam located at the south end of the lake had to be tested by a specialized engineering firm. The tests were concluded in the late Spring of 1988. It was determined that the dam was in satisfactory structural condition and that it merely needed a facelift. The project will require utilization of the beach for equipment storage. It is anticipated that the dam will be repaired prior to the end of 1990. After completion of the project the beach will be rehabilitated.

There is currently a structure located adjacent to the beach area on association property that is referred to as the "Boat House". That structure is in a state of disrepair and it is the Sponsor's intention to demolish it when the beach is rehabilitated.

LAKE JOSEPH

The body of water known as Lake Joseph is owned by the homeowner's association and is used by the members for canoeing, rowboating, sailing, swimming and fishing. Gasoline powered boats are not permitted to be used on the lake.

In the period prior to the development of the property a building located adjacent to the lake in the area of Lot #9 was demolished. The workers that performed the demolition were careless and allowed a few of the shingles that sided the building to fall into the lake. Recent investigation showed that the shingles contained asbestos. A contract has been entered into with a company that specializes in the removal of asbestos products to clean that area. The removal of the shingles will be

accomplished as soon as a permit has been issued by the Department of Environmental Conservation.

GREEN AREA

The Green Area which has been transferred to the Homeowner's Association with the transfer of the first lot in Phase I, consists of approximately 100 acres. The Sponsor has improved this property with the construction of three tennis courts. A swimming pool has been constructed on property owned by the Sponsor. It is the Sponsor's intention to convey that pool to the homeowners of Phase I. As Phases II, III and IV are approved, additional Green Areas will be deeded to the Association. All of the common area cannot be deeded initially, due to the fact that the lot layout of the final three phases is not yet complete. The wells, water reservoirs and sewage treatment plant will be on property owned by the appropriate transportation corporation administering such facilities.

SEWER AND WATER SYSTEMS

a. The sewer system which has been constructed on the property is owned by a transportation corporation

incorporated pursuant to the Transportation Corporation Law of the State of New York, which is wholly owned by its shareholders. Fees will be charged to users of the system based on water usage. Such fees will be set by a tariff approved by the Town of Forestburgh.

In essence, the sewer system will be comprised of a sewage treatment plant and a system of collection lines and pump stations. The sewage will then be pumped or gravity fed into sewer lines which will eventually be discharged into Black Brook at the south end of the sub-division. Expenses associated with the repair or replacement of the sewer system will be paid for by charges assessed to the users of the system.

(b) The water system is owned by a transportation corporation formed under the Transportation Corporation Law of the State of New York and is wholly owned by its shareholders. The developer will have the right, but not the obligation, to convey the water system to a water district formed in the municipality in which the water system is located.

The water system will draw water from wells located in property owned by the water corporation. Easements have been granted for the wells, storage facilities, pumping facilities and water lines. The water will then be pumped to a reservoir located on the west side of the sub-division. If necessary an additional reservoir will be constructed on the east side of the sub-division at a future date. The water will then be gravity fed through water mains to each of the lots in the sub-division.

All expenses associated with the repair or replacement of the water system will be borne by the Lake Joseph Water Company and will be funded by water charges billed to association members based upon usage. Charges currently in effect are \$120 per quarter plus \$2 per 1000 gallons.

Both the sewer and the water systems will be constructed to operate on a year-round basis. The sewer treatment plant and water source and storage facilities will be completed prior to the closing of title on the first lot. In addition, all necessary lines will be extended so that upon closing of title a lot owner will be able to immediately connect the water and sewer systems. It is expected that the first lot will be able to connect to the facilities on or about July 1, 1982. A lot owner will be billed for water according to usage at rates established pursuant to tariffs approved by the Public Service Commission of the State of New York. This charge will be in addition to the assessment paid to the Homeowners Association.

ELECTRICITY

Electricity will be supplied by New York State Gas and Electric Corporation and Orange and Rockland Power Corp. The entire installation will be Underground Residential Distribution lines ("U.R.D."). The U.R.D. will be installed

within the private lots on permanent easements to be granted by the Sponsor prior to the conveyance of the lots. The installation will be owned, operated and maintained by both power corporations. Each lot owner will have his own meter, and will be responsible for the cost of all electric service attributable to his lot. The electricity for lighting the common areas and for operating common facilities will be on a separate meter with the cost billed to the Association.

TELEPHONE

Telephone service will be by means of lines installed by the New York Telephone Company over the easements granted by the Sponsor prior to the conveyance of the common areas.

MAINTENANCE OF ASSOCIATION PROPERTY

The Association shall be responsible for the maintenance, repair and replacement of the Association property including recreation facilities added at the developer's discretion. The cost of such obligation shall be included in the Association's annual budget as an item of common expense.

THE TOWNS OF FORESTBURGH AND THOMPSON

A portion of Lake Joseph is located in the Town of Forestburgh and a portion is located in the Town of Thompson.

The Town of Forestburgh is a small rural community with a population of approximately 600 permanent residents. The Town has no police department but does have a volunteer fire department which is located approximately two miles from Lake Joseph.

The Town of Thompson is considerably larger than the Town of Forestburgh and has a population of approximately 10,000. The town does not have its own police department but relies on the County Sheriff's Department and the New York State Police. The Sheriff's Department is located in Monticello, New York, which is approximately 5 miles from Lake Joseph. The New York State Police barracks is located in Ferndale, New York, which is approximately 10 miles from Lake Joseph. In addition the Town of Thompson has a volunteer fire department located in Monticello, New York, approximately 5 miles from the subdivision.

Each town is governed by a supervisor and four (4) councilmen, all popularly elected.

There is no public transportation available in the area.

Educational facilities are provided by the Monticello Central School District. The district has a number of elementary schools, junior high schools and one senior high school. All of the educational facilities are located in Monticello, New

York, which is approximately 5 miles from the subdivision.

The Town of Forestburgh has a public swimming pool which is located at the Town Hall which is approximately 2 miles from the subdivision. The pool is available to the residents of the Town of Forestburgh for a family fee of \$25.00 annually.

The closest shopping facilities are located in Monticello, New York, a distance of 5 miles from the subdivision. Services and type of facilities are restaurants, dry cleaners, numerous small grocery stores, meat markets, fish markets, a number of large supermarkets, hardware stores, clothing shops, drug stores and other stores offering all types of merchandise.

There are a number of medical facilities available in the area. A large number of doctors, dentists, and chiropractors are located in Monticello, New York. A large, modern hospital facility known as the Community General Hospital is located in Harris, New York, a distance of approximately 15 miles from the subdivision.

REAL ESTATE TAX STATUS OF ASSOCIATION PROPERTY

The Tax Assessors of the Town of Forestburgh have advised the developer that the assessed valuation of the common areas within the property comprising Lake Joseph is currently

\$317,500 resulting in a real property tax of \$12,800 the Tax Assessors have indicated that the Town would be willing to apportion the common area tax among all of the lots in the subdivision thereby resulting in no tax for the Association itself. See page 32 which contains the opinion rendered by counsel to the developer to the effect that under present law lot owners will be entitled to a deduction for federal and state income tax purposes for the real estate taxes assessed to the property owned by such owner, but not for any portion of the common area assessment which may be used to pay real estate taxes on the Association property. It should be noted that the assessment is currently assessed on the common areas separately from the lots in the subdivision and there can be no assurance that the assessors will approve the apportionment of such taxes.

INN AT LAKE JOSEPH

The Inn at Lake Joseph is a privately owned bed and breakfast type resort. Its guest capacity is approximately 24 persons.

The Inn at Lake Joseph is on property that was initially part of the Lake Joseph property purchased by Lake Joseph Development Corp. It was sold prior to the filing of the subdivision map and prior to the filing of the Declaration of Restrictions, Easements, Charges and Liens which regulate the use of all other lots at Lake Joseph. The deed to that property was made subject to most of the same restrictions applicable to other lot owners at Lake Joseph with the exception of the single family residence restriction and the commercial use restriction. The Inn

may be used for commercial purposes including the housing of guests and the operation of a restaurant.

At the time that the Inn property was sold an agreement was made whereby the Inn could become a member of the Homeowner's Association if it so chose and that its guests could use the facilities at a charge of \$5 per guest per day. In fact the Inn chose to join the Homeowner's Association. That agreement was in effect between the then Sponsor and the owner of the Inn. It is currently being renegotiated between the Inn and the Homeowner's Association.

In addition to the Inn a residence located within the original bounds of the property across Black Brook from the Inn was also given the option to join the Homeowner's Association if it so chose. That decision has not been made as yet.

INCOME TAX STATUS OF ASSOCIATION INCOME

The Association is subject to taxation as a corporation under the provisions of state and federal law. Generally speaking, the income of the Association after payment of expenses incurred in carrying out its obligation is subject to taxation.

The Tax Reform Act of 1976 has changed the treatment, for income tax purposes, of certain portions of assessments collected by homeowners' associations. It is now possible for a resident's management association to apply for an exemption from federal tax for certain qualified items of assessment. This matter is treated in detail in the opinion of counsel to the Sponsor appearing herein as on page 32, which discusses the basis on which the Association may be able to qualify for such exemption.

(212) 682-5284

Stanley J. Rothschild

Counsellor at Law

*475 Fifth Avenue
New York, New York 10017*

November 16, 1988

Lake Joseph Realty Co.
Lake Joseph Homeowners Association, Inc.

RE: Lake Joseph Homeowners Association, Inc.

Gentlemen:

In connection with the filing with the Attorney General of the State of New York of the Amended Offering Plan for the Lake Joseph Homeowners Association, Inc., we wish to advise you of the following:

1. The Declaration of Protective Covenants Conditions and Restrictions for Lake Joseph, when duly recorded in the Sullivan County Clerk's Office will be legal and binding with respect to the premises which are the subject of the Offering Plan.
2. The development of Lake Joseph is in conformity with the applicable zoning laws, ordinances and regulations of the Towns of Forestburgh and Thompson and the County of Sullivan.
3. The Lake Joseph subdivision will be reviewed by the Planning Boards of both the Town of Forestburgh and the Town of Thompson and will be subject to final approval by the Town Boards of both Towns.
4. The water and sewage requirements are subject to regulations promulgated by the New York State Department of Health and the Department of Environmental Conservation, which Departments have approved same. There are no other zoning laws applicable to this association.

Stanley P. Rothschild

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Lake Joseph Realty Co.

Lake Joseph Homeowners Association, Inc

5. Each Owner of a Lot at Lake Joseph will be entitled under present law to a deduction for federal and state income tax purposes on account of the real property taxes assessed against the property owned by such Owner, but not for any portion of the Maintenance assessment which may be used by the Association to pay real property taxes assessed against the common property owned by the Association. Members of the Association will not be entitled to a tax deduction for any portion of the Annual or Special Assessments.
6. With respect to the federal tax status of the Association's income resulting from assessments, the Tax Reform Act of 1976 contains certain provisions relating to the tax status of the income of homeowners' association. Section 2101 of the Act amends Section 528 of the Internal Revenue Code of 1954.

Under the terms of the Act a homeowner's association may apply for an exemption from federal income tax liability if certain conditions are met. Furthermore, the association seeking an exemption must make specific application for exempt status.

In order to qualify for any exemption the following conditions must be met:

- a. The Association must be organized and operated to provided for management, maintenance, and care of commonly owned property;
- b. The Association must receive 60 percent or more of its gross income from membership dues, fees or assessments of the owners of units in the community;
- c. 90 percent or more of the expenditures of the Association must be for management, maintenance, and care of Association property;
- d. No part of the net earnings of the Association may inure to the benefit of any private individual

Stanley I. Rothschild

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Lake Joseph Realty Co.

Lake Joseph homeowners Association, Inc.

The Association in this case meets the requirements of all of the conditions indicated above thus it is qualified for the benefits of Section 528.

The undersigned makes no warranty or representations that the United States Treasury Department or the New York State Department of Taxation and Finance will allow the deductions or that the Tax Law or the regulations or rulings issued thereunder or any judicial interpretation thereof may not change so as to disallow the deductions all or in part and the undersigned further states that he shall not be liable, if for any reason, it is held that the Lot Owners are not entitled to such income tax deductions or special exemptions on the aforesaid.

Franchise taxes have not been budgeted as an expense of the Homeowners' Association. The reason being that a New York not-for-profit corporation is not subject to franchise taxes pursuant to the laws of the State of New York.

The undersigned further states that by understanding this letter will be made part of the Offering Plan and I hereby consent to same.

Very truly yours,

Stanley I. Rothschild
Stanley I. Rothschild

SIR/ah

OBLIGATIONS OF SPONSOR

Sponsor has conveyed the common areas in Phase I to the Lake Joseph Homeowners Association, Inc. simultaneously with the conveyance of the first lot to a purchaser.

The Sponsor will make periodic checks of the Association Property to correct any defects in construction due to improper workmanship or materials substantially at variance with this Offering Plan, provided and on condition that the Sponsor is notified of or otherwise becomes aware of any such defects within one year of the date of substantial completion of the defective item or within one year of the filing of the Declaration, whichever is later. The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the contractor's plans and specifications. In no event shall the Sponsor be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements, normal settlement or any consequential damages resulting therefrom. The Sponsor has no obligation to make any repair to the Association Property except as expressly set forth in this Offering Plan.

The Sponsor is obligated to provide at its own cost a title insurance policy to cover the common areas conveyed to the Association.

The Sponsor has agreed that the budget set forth in this Offering Plan will be the basis for assessment of individual lots on a per capita basis and that there will be no increase in the amount of annual assessments in excess of 5% per year as long as the Sponsor retains control of the Association. The Sponsor

obligated to fund any amount necessary to meet actual expenses excess of the first year assessment or in excess of the 5% annual increase permitted.

Regardless of the number of units owned by the sponsor, however, the Sponsor may not cast its votes to elect more than a minority of the Board of Directors after July 1, 1977. The Sponsor will, however, retain a veto over the budget until at least 75% of the sub-divided lots are sold.

In accordance with the provisions of Section 352-e (b) of the General Business Law, the money paid by Lot purchasers as deposits on account of lot purchases will be

held by the Sponsor in an escrow account until the closing of the sale, and such funds will not be used for development purposes until after the closing of the sale.

No bond or other security has been established to secure the performance of the Sponsor's obligations, and the ability of the Sponsor to carry out such obligations depends on the financial condition of the Sponsor at such time.

Sponsor further agrees, during the period of time that it controls the Board of Directors that they will enter no contracts extending more than sixty (60) days beyond the point where Sponsor no longer controls the Board of Directors.

TERMS OF THE MORTGAGES ON COMMON AREAS

There will be no mortgage on the common areas and facilities at the time of the conveyance of the first lot to a lot purchaser.

Pursuant to the terms of the Sponsor's mortgage with St. Joseph's Sanitarium, Inc., the lien of the mortgage will cover all of the property owned by the Sponsor including all of the lots and common areas. As lots are closed they will be released from the mortgage lien and all common areas including the roads will be released at the time that the first lot is released.

MANAGEMENT AGREEMENTS AND OTHER CONTRACTUAL ARRANGEMENTS

There are no management agreements made at this time nor are there any contemplated. There are no other contractual obligations other than insurance, which must be contracted for.

SUBDIVISION

APPROVALS BY REGULATORY AGENCIES

Under the laws of the State of New York and the Ordinances of the Towns of Forestburgh and Thompson, the developer must obtain a number of approvals prior to the time that its subdivision map may be accepted for filing. No lots may be closed until all such approvals have been obtained.

The Department of Environmental Conservation has examined the subdivision plans regarding sewer treatment facilities, water treatment facilities, water supply source, and environmental impact.

The Subdivision Ordinance of the Towns of Forestburgh and Thompson provides for a review of the subdivision plans by the Planning Boards of each town. This review is an overall examination of the project taking into consideration its effect on the health and safety of the community; its effect on the environment and its economic impact on the community.

All of the necessary approvals have been received by the Sponsor for the project. All contract deposits will be held in escrow until the plat map is accepted for filing and until the lot is closed.

To construct an individual residence a lot purchaser will only have to obtain a building permit from either the Town of Forestburgh or Thompson. The permit may be obtained at the Town of Forestburgh Town Hall and the Town of Thompson Town Hall.

IDENTITY OF PARTIES

The Sponsor is Lake Joseph Realty Co., a New York partnership. The partnership is comprised of three corporate partners: (1) L.J. Realty Holding Corp., a New York corporation.

The shareholders of L.J. Realty Holding Corp. are as follows:

Joe Katzman

Robert Katzman

Jack Katzman

Richard I. Katzman

Errol Blank

Messrs. Joe Katzman, Jack Katzman and Richard I. Katzman are Real Estate Developers and Builders and currently conduct a business known as KATZMAN ASSOCIATES REALTY, INC. Forestburgh, New York, Joe Katzman and Jack Katzman currently reside in Monticello, New York and Richard I. Katzman resides in Forestburgh, New York. Messrs. Robert L. Katzman and Errol Blank are attorneys engaged in the practice of law at 49 South Main Street, Spring Valley, New York and reside with their families in Spring Valley, New York.

Robert L. Katzman is practicing attorney with the firm of Blank & Katzman located in Spring Valley, New York. Mr. Katzman specializes in real estate syndication transactions. In

In addition, Mr. Katzman is the President of ARCADY REALTY DEVELOPMENT CORP., the developer of a 70 lot sub-division located on Lake George in Hague, New York known as Arcady Bay Estates.

(2) Fifth Avenue Enterprise Capital Corp., a New York corporation located at 475 Fifth Avenue, New York, New York. The shareholders of that corporation are Emil Rausman and Martin Rausman. Messrs. Emil Rausman and Martin Rausman are real estate developers and managers and are currently involved in numerous real estate ventures.

(3) Open Park Hod Home Lake Joseph, Inc., a New York corporation located at 475 Fifth Avenue, New York, New York. The shareholders of that corporation are Open Park LTD and Hod Home Ltd., both of which are English corporations. The shareholders of those entities are David Gabbay and Lily Shamoon. They are involved as real estate developers in England and the United States.

PROCEDURE TO PURCHASE

The following is a summary of the pertinent elements involved in the purchase procedure:

1. The deposit on contract, if any, will be equal to no more than 10% of the purchase price.
2. Upon receipt of the deposit, the attorney for the sponsor, Blank & Katzman, will place the deposit in their attorneys' "Special Account", in escrow. The funds may be released to the sponsor only upon satisfaction of the conditions in the contract of sale. Those conditions are the installation of the sewer and water systems and public utilities that service that particular lot. In addition, the road servicing the lot must be installed so that the purchaser would be able to drive to his lot. This condition does not mean that the road must be black-topped prior to satisfaction. Any other conditions that the developer and the purchaser agree to during the course of their negotiations. The sponsor is responsible for complying with the escrow and trust fund provision of the General Business Law Section 352-e (2) (b) and Section 352-h. The escrow deposit will not be interest bearing.
3. The balance of the purchase price is to be paid on a date and at a time agreed to between the developer and the purchaser.
4. Purchasers will be given the offering plan at least three business days prior to the execution of the contract of sale.

5. Any conflict between the offering plan and the contract of sale will be resolved in favor of the offering plan.

6. On closing the purchaser will be given a Bargain and Sale Deed with Covenant against Grantors Act.

7. In the event of a default by the purchaser under the contract of sale, and such default continues for 30 days after notice of such default from the developer to the purchaser, the down-payment (to a maximum of 10% of the purchase price) may be released to the developer from such account as liquidated damages. Thereafter, neither party, shall have any right or obligation against or to the other party.

8. The purchaser shall be given fifteen days notice to close.

The aforesaid dates may be changed later pursuant to the by-laws.

DOCUMENTS ON FILE

In accordance with Section 352-e (9) of the General Business Law, copies of this Offering Plan and all exhibits or documents referred to herein shall be available for inspection by prospective purchasers and by any person who shall have purchases securities offered by this Plan or shall have participated in the offering of such securities, at the offices of Lake Joseph Realty Corp., 49 South Main Street, Spring Valley, New York 10977 until December 1, 1982 and thereafter at its offices at the subdivision, the address of which is P.O. Box 163, Route 42 South, Forestburgh, NY 12777.

GENERAL

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

There are no lawsuits or other proceedings now pending, or any judgements outstanding against either the Sponsor or the Association or any person which might become a lien against

DECLARATION OF COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS

THIS DECLARATION, made this *10th* day of *April*, 1982 by LAKE JOSEPH DEVELOPMENT CORPORATION, hereinafter referred to as "Developer."

W I T N E S S E T H:

WHEREAS, the Developer is the owner of the real property described in Exhibit "A" of this Declaration, and desires to develop thereon a single-family residential community, together with common lands and facilities for the sole use and benefit of the residents of said community and their guests; and

WHEREAS, Developer desires to provide for the preservation of the values and amenities in said community and for the maintenance of said common lands and facilities; and, to this end, desires to subject the real property described in Exhibit "A" to the covenants, restrictions, easements, charges and liens hereinafter set forth, each of which is and are for the benefit of said property and each owner thereof; and

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

WHEREAS, Developer has caused to be incorporated under the laws of the State of New York, as a Not-for-Profit corporation, the LAKE JOSEPH HOMEOWNERS' ASSOCIATION, INC., for the purpose of exercising the aforesaid functions.

NOW, THEREFORE, the Developer declares that the real property described in Exhibit "A", attached hereto and forming a part hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth, and the same shall be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs,

EXHIBIT I

successors and assigns and shall inure to the benefit of each owner hereof. The Developer also transfers and conveys the Rights-of-way set forth in Exhibit "B."

ARTICLE I

DEFINITIONS

Section 1. The following words when used in the Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to the Lake Joseph Homeowner's Association, Inc., a New York Not-for-Profit corporation.

(b) "Board" shall mean and refer to the Board of Directors of the Association.

(c) "By-Laws" shall mean and refer to the code or codes or rules adopted for the regulation or management of the affairs of the Association irrespective of the name or names by which such rules are designated as the same may be amended from time to time.

(d) "Owner" shall mean and refer to the record owner of any lot. Every lot Owner shall be treated for all purposes as a single owner. Each lot held, irrespective of whether said ownership is joint, in common, or tenancy by the entirety, majority vote of the owners shall be necessary to cast any vote to which said owners are entitled.

(e) "The Properties" shall mean and refer to the certain lot property, both lots and Common Areas, as are subject to this Declaration and which are described in Exhibit "A".

(f) "Common Areas" shall mean and refer to those areas of land to be owned by the Association, which are described in Exhibit "B" attached hereto as Exhibit "B". Said areas are intended to be devoted to the common use and enjoyment by the members of the Association as herein defined, and are not dedicated for use by the general public.

(g) "Lots" shall mean and refer to any plot of land bounded and subdivided for residential use, shown upon the filed subdivision map of the properties, but shall not include Common Areas as herein defined.

(h) "Declarant" shall mean and refer to LAKE JOSEPH DEVELOPMENT CORP. or its assigns and/or successors.

(i) "Declaration" shall mean and refer to this Declaration of protective Covenants and any amendments hereto.

(j) "Developer" shall mean and refer to LAKE JOSEPH DEVELOPMENT CORP., Its assigns and/or successors.

(k) "Development Period" shall mean and refer to the period from the date of this Declaration until all lots are sold.

(l) "Member" shall mean and refer to all those owners who are members of the Association as provided in Article III, Section 2 hereof.

ARTICLE II

GENERAL APPLICATION-LOTS

(1) The premises herein conveyed shall be used only for residential purposes and no part of said lot or premises shall be used for any business, manufacturing, commercial or mercantile purposes of any kind or for the sale of liquor. Nothing herein contained shall prevent any owner from renting his dwelling for residential purposes.

(2) That no home or dwelling shall be erected on said lot except a one-family dwelling with appropriate attached private garage for no more than two cars and a storage shed no larger than 200 square feet in area. Emergency easements for fire and police vehicles are granted for each lot.

(3) No home or dwelling shall have less than Eleven Hundred Square Feet (1100 Sq. Feet) of living area inclusive of the second floor, but exclusive of basement (unless the basement is designed as part of the living area of the dwelling), covered porches or decks, breezeways or attached garages.

(4) Any home or dwelling constructed on property fronting on Lake Joseph shall not be higher, at its highest point, than thirty (30) feet. The Sponsor shall approve the location of each dwelling on each lot, regardless of the location of the lot.

(5) All dwellings shall be constructed so as to be at least twenty (20) feet from all property lines on all sides and dwelling constructed on lots bordering on Lake Joseph except those on lots #26 and #27, shall be set back at least one hundred (100) feet from the high water mark of Lake Joseph. All other lots shall be set back at least 50 feet from the front property line. Dwellings constructed on Lots #26 and #27 shall be set back at least 50 feet from Lake Joseph.

(6) No further subdivision will be allowed for any lot.

EXHIBIT I

(7) No trailer, mobile home, tent, camper or similar structure shall be located or maintained on any lot.

(8) Construction of any dwelling or garage shall be completed the exterior within twelve months after start of actual construction.

✓ (9) The exterior design and materials for each building, landscaping and driveway shall be approved by the Sponsor. The exterior design may be modern, ranch, contemporary, colonial, rustic or Tudor style. The materials for said dwelling may consist of stone, hand split shakes or board and batton or similar wood siding. Roofs shall be of asphalt shingle, hand split shakes or slate. The dwellings shall be stained a shade of brown which shall be approved by the Sponsor. Construction may be performed only by builders approved by the developer. Developer's decision shall be final and may be arbitrary.

(10) No vehicles, campers, snowmobiles or parts therefrom shall be stored on any lot unless in an enclosed structure.

(11) Except for building materials during the course of construction or repair of any improvements by the Developer, or as approved by the Board of Directors, no lumber, metals, bulk materials, rubbish, refuse, garbage, trash or other waste material (all of which are referred to hereinafter as "Trash") shall be kept, stored, or allowed to accumulate on any portion of the Property, except in sanitary containers and screened from adjacent and surrounding property. Such containers may be located in the open within 24 hours of a scheduled pick-up, at such place on the lot or other portion of the Property designated by the Association so as to provide access to persons making such pick-up. The Association may, in its discretion, adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of containers permitted and the manner of storage of the same on any portion of the Property. All facilities for the storage or disposal of Trash, shall be kept in a clean and sanitary condition.

(12) No animals, livestock or poultry shall be kept, bred or housed on the premises, however, this shall not be deemed to prohibit household pets. All such household pets shall be confined to the Owner's property and be leashed. Except that horses may be kept in areas designated for such use.

(13) No noxious or offensive use shall be permitted, nor shall anything be done upon any lot which may be or become an annoyance or a nuisance to the development. No signs shall be affixed to said premises or buildings except name signs and except signs erected by or with the permission of the developer during the development period. All name signs, mailboxes and outdoor lighting shall be subject to Sponsor's approval.

(14) No fencing of any type shall be permitted without Sponsor's approval.

(15) The exterior of any structure constructed within the

subdivision on a Member's lot and all landscaping on said lot shall be maintained by the Member. In the event that grass is allowed to exceed five (5) inches in height or shrubbery or the exterior of a residence is allowed to become unkempt, the Association may cause the proper maintenance to be performed and shall charge the lot owner an assessment for the cost of such maintenance.

(16) No sewage treatment facilities or water systems may be used except those approved by the Sponsor.

(17) No outside television or radio antenna shall be erected on any lot or other portion of the Property. Lot Owners shall have the right to install individual indoor or attic antennas within each residence.

(18) No vegetation shall be removed unless such removal conforms to the following restrictions.

(a) Within fifty feet of the mean high water mark of Lake Joseph not more than thirty percent of the trees in excess of six inches in diameter at chest height may be cut over any ten year period;

(b) In addition to (a), within ten feet of the mean high water mark of Lake Joseph, no vegetation may be removed, except that up to a maximum of thirty percent of the shorefront may be cleared of vegetation on an individual lot.

(c) No tree in excess of ten inches in diameter at chest height may be removed without approval from the Sponsor except in the precise location where the dwelling is to be constructed or the driveway is located.

(d) The above cutting standards shall not be deemed to prevent the removal of diseased vegetation or of rotten or damaged trees or of other vegetation that presents safety or health hazards.

(19) All gasoline driven boats will be excluded from operation in the waters of Lake Joseph. Only those boats that are powered by wind, electric motor, or manual power will be permitted.

(20) That the conveyances and restrictions contained in this Article are continuing ones for the benefit of the entire development and are to be construed as conveyances and restrictions running with the land; that in case of a breach of said conveyance and restrictions, or either of them, the same may be restrained by injunction or other legal remedy. None of these restrictions may be amended or changed.

(21) An easement shall be granted to the transportation corporation that controls the sewer and water utilities so that all parts of the system, on each lot, may be services as required.

(22) All tanks, pumps, piping and fittings used in the water and sewer facilities on each lot shall be those specified by the developer, sewer or water district or transportation corporations.

ARTICLE III

GENERAL APPLICATION-COMMON AREAS

Section 1. Ownership. All Common Areas are private property

EXHIBIT I

and shall remain private property. Declarant's execution and recording of the Plan shall not be construed as a dedication to the public of any of the Common Areas. The only exception to this Section shall be the dedication of the roads.

Section 2. Member's Easement of Enjoyment. Subject to the provisions of Section 4 of this Article, every Member shall have a right and easement of enjoyment in and to the Common Areas and this Easement shall be appurtenant to and shall pass with the title to every lot.

Section 3. Title to Common Areas. The Developer intends to develop the Lake Joseph tract in four distinct phases. Each phase will be platted after the completion of the phase preceeding it. The staging of the development will dictate that Common Areas will be deeded to the Homeowner's Association as they are designated in each phase. Simultaneously with the first conveyance of a lot in each phase to a purchaser, the Developer will convey to the Association, by Warranted Deed, fee title to the Common Areas designated in the plot plan for that section. Such Common Areas will be conveyed free of all encumbrances and liens, except for this Declaration, which includes the following convenance, which shall be deemed to run with the land shall be binding upon the Association, its successors and assigns:

In order to preserve and enhance the property values and amenities of the community, the Common Areas, and all facilities now or hereafter built or installed thereon, shall at all times be maintained in good repair and condition.

This section shall not be amended, as provided for in this Declaration, to reduce or eliminate the obligation for the maintenance and repair of the Common Areas.

The Developer may donate, at any time or from time to time, lots, within the subdivision, to the Association.

Section 4. Extent of Member's Easements. The rights and easements created hereby shall be subject to the following:

- (a) The right of the Association to suspend the right to use of the Common Areas and all facilities by an owner for any period during which any assessment against the owner's lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations but in no event shall any suspension preclude ingress and egress by the owner to an from the owner's dwelling or lot;

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for the purpose and subject to the conditions as may be agreed by the Members, provided that no dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument, signed by Members entitled to cast Eighty (80%) percent of the votes of membership has been recorded, agreeing to the dedication, transfer, purpose or condition, and unless written notice of the proposed action is sent to every member at least sixty days in advance of any action taken.

(c) The rights of the Association in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Areas.

(d) The right of the Association to take all legal actions as are reasonably necessary to protect the above-described areas against foreclosure.

Section 5. Delegation of Use. Any owner may delegate, accordance with the By-Laws, his right or enjoyment to the Common areas and facilities to the members of his family, his tenants, or tract purchasers who reside on the property.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person who is a record Owner defined in Article I) of any lot which by this Declaration is subject assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership any lot. The owner or owners of the property known as the Cardinal's estate or any portion thereof, may become a member of the Association at any time by paying the current assessment and annual assessments thereafter.

Section 2. Voting Rights. The Association shall have one class of voting membership.

All members shall be Owners including the Developer. Members shall be entitled to one vote for each lot in which they hold the interest required for membership by Section 2 of Article III.

When a purchaser of an individual lot takes title thereto from the Developer, or its successors or assigns, the purchaser becomes a member, and the membership of the Developer, its successors and assigns, with

pect to said lot shall cease.

The Developer will not vote its shares to elect more than a majority of directors after January 1, 1985.

Section 3. Interest in More than One Lot. If any Members own or hold more than one lot, such Member shall be entitled to one vote for each lot so owned or held.

Section 4. Lot Owned or Held by More than One Person. When a lot is owned or held by more than one person as tenants by the entirety, or in joint tenancy, in common or in any other manner of joint common ownership or interest, such Owners shall collectively be entitled only that number of votes prescribed herein for such lot, and if such Owners cannot jointly agree as to how that vote should be cast, no vote shall be allowed with respect to such lot.

Section 5. Holder of Security Interest Not a Member. Any person or entity which holds an interest in a lot merely as security for performance of an obligation shall not be a Member.

Section 6. Assigning Right to Vote. The Developer may assign membership in the Association to any person, corporation, association, trust or other entity, and such assignee, and any future assignee of such membership may take successive assignments.

Any Member of the Association shall be entitled to assign his right to vote, by power of attorney, by proxy or otherwise, provided that such assignment is made pursuant to the By-Laws of the Association. The By-Laws of the Association may require that the assignment specify the meeting or issue to which the assignment applied, or that the assignment relates to all matters which may come before the meeting.

If a lot is owned by a corporation, its vote shall be cast by appropriate officer of such corporation.

In the case of joint or common ownership any one such Owner shall be entitled to cast the vote with respect to the particular lot. If the joint or common owners cannot agree as to who such vote should be cast, such vote shall not be permitted to be cast.

Section 7. Voting Regulations. The Board of Directors of the Association may make such regulations, consistent with the terms of this Declaration and the Certificate of Incorporation and By-Laws of the Association as it may deem advisable for any meeting of its members, in regard to proof of membership in the Association, evidence of right to vote, appointment and duties of inspectors of votes, registration of members for voting purposes, the establishment of representative voting procedures and such other matters concerning the conduct of meetings and voting as it may deem appropriate.

Section 8. Board of Directors. The election of the Board of Directors of the Association and the powers and duties of the Board shall be governed by the By-Laws of the Association. The directors and officers of the Association shall be indemnified and held harmless by the Association from any liability for actions taken on behalf of the Association, while acting in their official capacity. The indemnity herein provided shall extend to acts of negligence or malfeasance or misfeasance on the part of the officers and directors.

ARTICLE V

ASSESSMENTS

Section 1. The Association, at its sole cost and expense, shall operate and maintain the Common Areas and provide the requisite services in connection therewith.

Section 2. Amount and Payment of Annual Assessment. The Association shall at all times fix the aggregate annual assessment for all the properties at an amount sufficient to pay the costs of maintaining and operating the Common Areas.

Section 3. Effect of Non-Payment of Assessment. If any assessment is not paid on the date when due, then said assessment shall be deemed delinquent and shall, together with the interest thereon and cost of collection thereof as are hereinafter provided, continue as a lien on the property which shall bind said lot in the hands of the then Owner, his heirs, assigns, personal representative, successors and assigns. The personal obligation of the then Owner to pay said assessment, however, shall remain the Owner's personal obligation and shall also be assumed by the Owner's successors and assigns.

Section 4. Interest, Attorneys' Fees and Expenses. If the assessment is not paid within thirty (30) days after the date on which it is due and payable the assessment shall include interest at the maximum legal rate for individuals in the State of New York from the due date to the date of payment thereof; and the Association may bring legal action, to enforce the entire balance of the annual or special assessment then due together with penalties, interest, reasonable attorneys' fees and the costs of the action, against the Owner personally obligated to pay the same, and may enforce the lien therefor against the property.

Section 5. Special Assessments. In addition to the annual assessments set forth in Section 2 of this Article, the Association may fix special assessments for additions, capital improvements and/or capital repairs provided, however, that no special assessments shall be fixed except by the two thirds (2/3) vote of all members. Any assessments for additions,

ital improvements and/or capital repairs in any amount of less than 10 per year shall not be treated as special assessment and shall be considered a portion of the yearly budget, which yearly budget will be approved pursuant to the rules and regulations of the Association.

Section 6. Personal Assessments. In the event that it becomes necessary, pursuant to Article II (16), to maintain the property of any member a personal assessment may be levied against such Member. Such assessment shall be due and payable immediately upon the presentation of an invoice for such maintenance by the Association. If said Assessment is unpaid the assessment shall constitute a lien on said member's property pursuant to Section 3 above.

Section 7. Right to Borrow and Mortgage. In order to fulfill the purposes set forth herein, the Association may borrow funds from any recognized lending institution, and in conjunction therewith mortgage its property. The amount, terms, rate or rates of all borrowing and the provisions of all agreements the Board of Directors acting in its reasonable discretion.

Section 8. Right to Maintain Surplus. The Association shall not be obligated in any calendar year to spend all the sums collected in such manner by way of maintenance assessments or otherwise, and may carry forward any surplus any balances remaining; nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the maintenance assessment in the succeeding year, but may carry forward from year to year any surplus as the Board of Directors in its absolute discretion may determine to be desirable for the greater financial security and the better actuation of the purposes of the Association.

Section 9. Right to Obtain Additional Property. The Association may enlarge the Common Areas by obtaining additional property by donation or purchase. If the purchase of property is desired a two-thirds (2/3) vote of all members shall be required to approve the transaction.

ARTICLE VI

THE ASSOCIATION

The Association has been created as a Not-for-Profit corporation. The By-Laws of the Association are annexed hereto and as such are made an integral part hereof. The said By-Laws should be read as an integral part of this Declaration.

EXHIBIT I

ARTICLE VII

REMEDIES

Section 1. Enforcement. Declarant and each person to whose lot this Declaration inures, including the Association, may proceed in law or in equity to prevent the occurrence, continuation or violation of any provision of this Declaration, and the Court in any such action shall award the successful party reasonable expenses in prosecuting such action, including attorneys' fees.

Section 2. Cumulative Remedies. The remedies herein specified are cumulative, and the specification of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law or in equity. Any delay or failure on the part of an aggrieved party to invoke an available remedy in respect of a violation of any provision of this Declaration shall be held to be a waiver by that party of any right available to him upon the termination or continuance of said violation or the occurrence of a different violation.

ARTICLE VII

GRANTEES' ACCEPTANCE SUBJECT TO DECLARATION

Each grantee or purchaser of a lot, by acceptance of a deed conveying title thereto, whether from Declarant or a subsequent Owner of the lot shall accept such deed or contract upon and subject to all provisions of this Declaration and subject to the jurisdiction, rights, powers, privileges and immunities of Declarant, and the Association and shall agree to pay the charges levied against his lot by the Association. By such acceptance, such grantee or purchaser shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to abide with Declarant and the grantee or purchaser of each other lot to keep, observe, comply with and perform the covenants, conditions and restrictions defined in this Declaration.

ARTICLE IX

SEVERABILITY

Every provision of this Declaration is hereby declared to be independent of, and severable from, every other provision of this Declaration. If any such provision shall be held to be invalid or unenforceable, or not consistent with the land, the holding shall be without effect upon the validity, enforceability or running of any other provision of this Declaration.

EXHIBIT I

ARTICLE X

CAPTIONS

All captions of this Declaration are for convenience only and in any way limit or amplify the provisions hereof.

ARTICLE XI

TERM OF DECLARATION

The provisions of this Declaration are intended to create mutual or predial servitudes upon each of the said lots and as such affect upon with the land and shall exist and be binding upon all parties having an interest in the Development unless an instrument signed by two-thirds of the then record Owners of all lots agreeing to change the provisions in whole or in part which instrument shall be recorded in the Office of the County Clerk of Sullivan County, New York.

The following provision may not be amended except upon the consent of the then owners of the lots indicated:

Article II Section 5 concerning Lots 47 and 48.

IN WITNESS WHEREOF, Declarant has executed this Declaration as
day of _____, 1982.

LAKE JOSEPH DEVELOPMENT CORP.

by: _____
Robert L. Katzman, President

EXHIBIT I

CERTIFICATE OF INCORPORATION

of

LAKE JOSEPH HOMEOWNERS ASSOCIATION, INC.

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

undersigned hereby certifies:

1. The name of the Corporation is LAKE JOSEPH
OWNERS ASSOCIATION, INC.

2. The corporation is a corporation as defined in
paragraph (a) (5) of Section 102 of the Not-for-Profit
Corporation Law.

3. The purpose of purposes for which the corporation
formed are as follows:

To preserve, protect and enhance the value of community
properties and to insure the enjoyment of rights, privileges
easements with respect thereto for the benefit of the
residents of Lake Joseph, a residential community located in the
village of Forestburgh and Thompson, Sullivan County, New York,
as described and defined in an applicable Declaration of
Restrictive Covenants, Conditions and Restrictions to be recorded
in the Office of the Sullivan County Clerk and such additions
thereto as may hereafter be brought within any amendments or in
the jurisdiction of this corporation by virtue of the recording
of supplemental or Amending Declarations, all of which property
is hereinafter referred to as the "Property"; and for these
uses:

EXHIBIT II

(a) To own, acquire, build, operate and maintain
ertain real property and common facilities, including structures
d personal property incidental thereto, hereinafter referred
as the "Common Area", and

(b) To own, and maintain service facilities and
cess ways servicing Lake Joseph other than those maintained
private companies or municipalities.

(c) To enforce any and all covenants, restrictions
d agreements applicable to the Common Areas and the
esidential lots within the above residential community, and
rticularly the Declaration or Declarations of Covenants,
estrictions, Easements, Charges and Liens (hereinafter referred
as the "Declaration"), which may hereafter be made by Lake
Joseph Development Corp., and which may hereafter be recorded
ong the land records of the County of Sullivan, New York.

(d) To make and perform any contracts and do any acts
d things, and exercise any powers suitable, convenient, proper
 incidental for the accomplishment of any of the corporation's
urposes, including all the powers enumerated in section 202
f the Not-for-Profit Corporation Law, subject to any limitations
rovided in the Not-for-Profit Corporation Law or any other
tatute of the State of New York.

(e) The corporation, in furtherance of its corporate
urposes, shall have all general powers enumerated in section 202
f the Not-for-Profit Corporation Law.

4. The corporation shall be Type A corporation pursuant

TE OF NEW YORK)
NTY OF SULLIVAN) ss.:

On the day of , 1982, before me personally
e ROBERT L. KATZMAN, to me known who, being by me duly sworn, did depose
say that he resides at 51 Sutin Place, Spring Valley, New York, that he
the President of LAKE JOSEPH DEVELOPMENT CORP., the corporation described
and which executed the foregoing instrument; that he knows the seal of
d corporation; that the seal drawn on said instrument is said to be the
porate seal; that it was so affixed by order of the board of directors of
d corporation, and that he signed his name thereto by like order.

Notary Public

BY-LAWS

of

LAKE JOSEPH HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

PRINCIPAL OFFICE

The principal office of the Association shall be held and meetings of members and directors shall be held at the places designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean the LAKE JOSEPH HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "The Properties" shall mean those lands described in Exhibit "A" attached to and forming a part of a certain Declaration of Covenants, Restrictions, Easements, Charges and Liens (hereinafter referred to as the "Declaration") made by LAKE JOSEPH DEVELOPMENT CORP., and any additions thereto hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Areas" shall mean those areas of land described in Exhibit "B", attached to and forming a part of the Declaration for the common use and enjoyment of the members of the Association.

Exhibit III

Section 4. "Lot" shall mean any plot of land intended subdivided for residential use, shown upon any subdivision of The Properties, but shall not include the Common Areas herein described.

Section 5. "Owner" shall mean and refer to the record owner of fee simple title to any Lot. Every Lot Owner shall be treated for all purposes as a single owner of each lot held, irrespective of whether said ownership is joint, in common, or in tenancy by the entirety. The majority vote of the "Owners" shall be necessary to cast any vote to which the "Owners" are entitled.

Section 6. "Developer" shall mean Lake Joseph Development Corp., its successors and assigns.

Section 7. "Declaration" shall mean the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens applicable to The Properties, recorded or to be recorded among the land records in the Office of the Clerk of Sullivan County, New York.

Section 8. "Member" shall mean all those owners who are members of the Association as provided in Article IV Section 1 of the Declaration.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Membership in the Association shall be governed by Article IV, of the Declaration.

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Section 2. Suspension of Membership. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of land and becomes a lien upon the property against which said assessments are made as provided in the Declaration to which the Properties are subject.

During any period in which a Member shall be in default of the payment of any annual or special assessment levied by the Association, the right to the use of the Association's facilities and the right of a Member may be suspended by the Board of Directors until the assessment has been paid. The rights of a Member may also be suspended after notice and hearing, for a period not to exceed sixty days, for failing to comply with any of the provisions of the Declaration or for violating any rules and regulations established by the Board of Directors governing the use of the Common Areas and facilities, PROVIDED HOWEVER, that during any suspension no Member's voting rights or obligation to pay maintenance charge shall be suspended. In no event, however, shall the suspension of a Member's rights preclude the Member's ingress or egress to and from the Member's Lot or dwelling.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the Common Areas and facilities as provided by Article III of the Declaration. Any member may delegate the rights of enjoyment

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the Common Areas and facilities to the members of his family, tenants, or contract purchasers who reside on the property. The Member shall notify the Secretary in writing of the name of any person and of the relationship of the Member to said person. The rights and privileges of the delegee are subject to suspension to the same extent as those of the Member.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held in Sullivan County on the first Saturday of each year at a time and place designated by the Board of Directors. If the day for the annual meeting of the Members shall fall upon a holiday, the meeting shall be held on the first day following which is not a holiday.

Section 2. Special Meetings. Special Meetings of the Members may be called at any time by the President of the Board of Directors of the Association or upon the written request of Members who are entitled to cast one-fourth ($\frac{1}{4}$) of the votes of the Membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of, the Secretary or person authorized to call the meeting, by hand delivery or by mailing a copy of the notice, postage prepaid, at least (15) days before the meeting to each Member entitled to

a thereat, addressed to the Member's address last appearing
the books of the Association, or supplied by the Member to
Association for the purpose of notice. The notice shall
specify the place, day and hour of the meeting, and, in case of
special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of
members entitled to vote or of proxies entitled to cast one-
half ($\frac{1}{2}$) of the votes of membership shall constitute a quorum
for any action, except as otherwise provided in the Articles of
Incorporation, the Declaration or these By-Laws. If, however,
a quorum shall not be present or represented at any meeting, the
members entitled to vote thereat shall have the power to adjourn
the meeting from time to time, without notice other than
announcement at the meeting, until a quorum as aforesaid shall
be present or be represented.

Section 5. 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.

Section 6. Waiver and Consent. Wherever the vote of
a membership at a meeting is required or permitted by Statute
or by any provision of the Declaration, Certificate of
Incorporation or of these By-Laws to be taken in connection with
any action of the Association, the meeting and vote of the

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rship may be dispensed with if all Members who would have
entitled to vote upon the action if the meeting were held,
consent in writing to the action being taken.

Section 7. Order of Business and Rules of Order. Except
y be otherwise decided by a majority vote of the Members
nt, the order of business at all meetings and the rules
ined in the latest edition of "Robert's Rules of Order
ed" shall govern the Association in all cases to which they
pplicable, and in which they are not inconsistent with the
ws or any special rules of order of this Association.

ARTICLE VI

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall
managed by a Board of Directors comprised of not less than
nor more than five Directors, who need not be Members of
Association.

Section 2. Election. At the first meeting, the Members
elect one Director for a term of one year, one Director for
rm of two years and one Director for a term of three years.
ach annual meeting thereafter, the Members shall elect one
ctor for a term of three years.

Section 3. Removal. Any Director may be removed from
Board of Directors with or without cause by a majority vote
he Members of the Association. In the event of death,
gnation 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 at the discretion of the Board, for his actual expenses incurred in the performance of his duties.

Section 5. Action taken Without a Meeting. The Board 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 Directors.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Every nomination for election to the Board of Directors must be made in writing. Nominations may be made in any manner including from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors may be by written ballot. At the election, Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of

s shall be elected.

ARTICLE VIII

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held yearly, without notice, at the time and hour as may be fixed from time to time by resolution of the Board. Should any meeting fall upon a legal holiday, then the meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association and shall also be called by the Secretary of the Association upon the written request of any two Directors, after giving less than three (3) days' notice to each Director.

Section 3. Quorum. One-half of the number of Directors shall constitute a quorum for the transaction of business. In the event a quorum of the Directors is not present, a lesser number may adjourn the meeting to a future time. Every act or decision taken or made by a majority of the Directors present at a duly held meeting, at which a quorum is present, shall be regarded as the act of the Board.

ARTICLE IX

POWERS AND DUTIES

Section 1. Powers. The Board of Directors shall have

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to:

(a) adopt and publish rules and regulations governing use of the Common Areas and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infractions thereof;

(b) exercise, for the Association, all powers, duties and authority vested in or delegated to this Association and reserved to the membership or other provisions of these By-laws, the Articles of Incorporation or the Declaration;

(c) employ a manager, an independent contractor or any other employee they deem necessary, and to prescribe their duties;

(d) suspend the right to use of the recreational facilities of a member during any period in which the Member shall be in default in the payment of any assessment levied by the Association. Said rights may also be suspended after notice of suspension, for a period not to exceed sixty (60) days for violation of published rules and regulations; and

(e) declare the office of a member of the Board of Directors to be vacant in the event said member shall be absent at three (3) consecutive meetings of the Board of Directors.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all 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

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ing, when said statement is requested in writing by one-
th (½) of the Members;

(b) supervise all officers, agents and employees of
Association, and to see that their duties are properly
ormed;

(c) as more fully provided in the Declaration, to:
fix the amount of the annual assessment against each Lot at
t thirty (30) days in advance of each annual assessment
od; (2) send written notice of each assessment to every
r subject thereto at least thirty (30) days in advance of
annual assessment period; and (3) foreclose the lien against
property for which assessments are not paid within thirty
days after due date or to bring an action at law against
Owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to
e, upon demand by any person, a certificate setting forth
her or not any assessment has been paid. A reasonable
ge may be made by the Board for the issuance of these
ificates. If a certificate states an assessment has been
, said certificate shall be conclusive evidence of payment;

(e) procure and maintain adequate liability and
rd insurance on property owned by the Association;

(f) cause all officers or employees having fiscal
onsibilities to be bonded, if it deems appropriate;

(g) cause the Common Areas to be maintained and
rvised.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of officers. The officers of this Association shall be a President, who shall at all times be a member of the Board of Directors and a Secretary-Treasurer, and shall not be a member of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed; or shall be disqualified to serve, or until his successor is elected and qualified.

Section 4. Special Appointment. The Board may elect such other officers as the affairs of the Association may require, and each of whom shall hold office for the period, have the authority, and perform the duties that the Board may, from time to time determine.

Section 5. Resignation and Removal. Any officers may be removed from office with or without cause by the affirmative vote of two-thirds (2/3) of the Board then in office. Any officer may resign at any time by giving written notice to the President or the Secretary-Treasurer. Said resignation shall take effect on the date of receipt of the notice, or at any

er time specified therein, and unless otherwise specified
erein, the acceptance of said resignation shall not be
ecessary to make it effective.

Section 6. Vacancies. A vacancy in any office may
filled by appointment by the Board. The officer appointed
said vacancy shall serve for the remainder of the term of
person replaced.

Section 7. Compensation. No officer shall receive
ensation for any service to the Association. However,
officer may be reimbursed, at the discretion of the Board,
actual expenses incurred in the performance of the officer's
ies.

Section 8. Duties. The duties of the officers are as
lows:

President

(a) The President shall preside at all meetings of the
rd of Directors; shall see that orders and resolutions of the
rd are carried out; shall sign all leases, mortgages, deeds
other written instruments and shall co-sign all checks and
missory notes.

Secretary-Treasurer

(b) The Secretary shall record the votes and keep the
tes of all meetings and proceedings of the Board and of the
ers; keep the corporate seal of the Association and affix it

all papers requiring said seal; serve notice of meetings
the Board and of the Members; keep appropriate current
records showing the Members of the Association, together with
their addresses, shall receive and deposit in appropriate
accounts all moneys of the Association and shall disburse
the same as directed by resolution of the Board of Directors;
the Treasurer shall co-sign all checks and promissory notes of the
Association; keep proper books of account; and shall prepare
an annual budget and a statement of income and expenditures
to be presented to the membership at its regular annual meeting,
and deliver a copy of each to the Members.

ARTICLE XI

BOOKS and RECORDS

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

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member
is obligated to pay to the Association annual and special

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assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the date on which it became due and payable the assessment shall include a penalty of five (5%) percent together with interest at the rate of one-half ($\frac{1}{2}$ %) percent per month or part thereof from the date the assessment became due to the date of payment thereon and the Association may bring legal action, to recover the entire balance of the annual or special assessment then due together with penalties, interest, reasonable attorney's fees and costs of the action, against the Owner personally obligated by the same and may enforce the lien therefor against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of the Owner's Lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a corporate seal.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended at a regular or special meeting of the Members, by a vote of a majority

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he Members present, in person or by proxy, except that
matter stated herein to be or which is in fact governed
he Declaration applicable to the Properties may not be
ded except as provided in the Declaration.

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

IN WITNESS WHEREOF, we, being all of the Directors of
JOSEPH HOMEOWNERS ASSOCIATION, INC. have hereunto set our
this day of of , 1981.

JOE KATZMAN

RICHARD KATZMAN

JACK KATZMAN

OF NEW YORK)
 : ss.:
Y OF SULLIVAN)

On this day of , 1981 before me
nally came Joe Katzman, Jack Katzman and Richard Katzman, to
own to be the Directors of LAKE JOSEPH HOMEOWNERS
IATION, INC, and who executed the foregoing By-Laws as
tors, and acknowledged that they executed the same.

Notary Public

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CERTIFICATION

the undersigned, do hereby certify:

That I am the duly elected and acting Secretary-Treasurer of LAKE JOSEPH HOMEOWNERS ASSOCIATION, INC., a New Jersey corporation, and

That the foregoing By-Laws constitute the original By-Laws of Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 1981.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Association this _____ day of _____, 1981.

RICHARD KATZMAN

LAKE JOSEPH
CONTRACT OF SALE

THIS AGREEMENT, dated as of
LAKE JOSEPH REALTY CO., a New York corporation located at
Blank & Katzman, 49 South Main Street, Spring Valley, New
York, New York
Seller and
Name(s):
Address:

hereafter designated as Purchaser:

1. Seller agrees to sell and convey
Purchaser agrees to purchase the following described premises
("Premises") under all terms and conditions stated herein:

ALL that certain plot, piece or parcel of land, situate,
and being in the Town of Forestburgh, County of Sullivan,
of New York known and designated as Lot on a Map
labeled "Plat Plan for Phase I Section A of Lake Joseph
Development Company, Sheet 3, dated June 21, 1982, latest
revision July 26, 1983, filed in the Sullivan County Clerk's
Office on October 24, 1983 as Map #1061.

SUBJECT to the Declaration of covenants, restrictions,
easements, charges and liens made by LAKE JOSEPH DEVELOPMENT
COMPANY, which are filed in the Sullivan County Clerk's Office.

2. The purchase price for the Premises
is the sum of payable as follows:

\$ Deposit on signing this agreement

\$ Additional Deposit on

\$ In cash or certified check upon the
conveyance of title.

3. The transfer of title and closing of
this transaction shall take place at the offices of Blank &
Katzman, Esqs., 49 South Main Street, Spring Valley, New York
or at such other place as may be designated by Seller on
or before 1988. This contract may be terminated by
Seller, at its discretion, if the Purchaser fails to close on
the date indicated unless an extension is agreed to in writing.

4. Seller shall convey the Premises to
Purchaser by Bargain and Sale Deed in proper form for record,
which deed shall include the covenant required by subdivision 5,
Section 13 of the Lien Law. If Seller conveys in any trust

ity, the usual deed given in such cases shall be accepted. said deed shall be prepared, duly executed and acknowledged seller and have transfer tax stamps in the proper amount ed thereto, all at Seller's expense, so as to convey to aser the fee simple of the Premises free and clear of all and encumbrances, except as herein stated.

5. Seller shall convey said premises ct to all covenants, conditions, restrictions and easements record and zoning laws. Subject also to any state of facts an inspection and/or an accurate survey of the premises may provided the same does not render title unmarketable.

6. If Purchaser gives a purchase money age it shall be accompanied by the usual bond; both shall in the clauses usually contained in the Statutory forms of and mortgage. The mortgage recording tax, expense of ng mortgage papers and recording fee for the mortgage shall id by Purchaser.

7. Seller may pay and discharge any and encumbrances not provided fo herein out of the moneys paid by Purchaser on the transfer of title.

8. If said premises are conveyed subject mortgage or mortgages, Purchaser shall assume and agree to the same; if the amount thereof is less than herein set forth aser shall have the option of paying the difference in cash giving a purchase money mortgage, with the terms, for the said erence; in any event, the total amortization on all said ages shall not exceed the amount originally contemplated and contract shall not be affected because of said incorrect e.

9. All common charges, taxes and est shall be adjusted pro-rate to the day of transfer. If er has already made or shall have made before the time of ng any payments in advance on account of insurance and/or and common charges payable after closing to a mortgagee mortgage is to remain on the premises Purchaser is to urse Seller for the total of these payments in cash, at the of closing.

10. In the event Seller is unable to ey title in accordance with the terms of this agreement, er's sole liability will be to refund the amount paid on nt of the purchase price and to refund reasonable net cost amining the title.

11. The parties agree that the broker who brought about this sale and the Seller agrees y any commission earned thereby.

12. This instrument contains all ements of the parties hereto. There are no promises,

ements, terms, conditions, warranties, representations, or emements other than contained herein. There may be no fication or amendment of this agreement, except in writing uted by the parties hereto. This contract, or any part eof, shall not be assigned without prior written consent of Seller and Broker herein.

13. At the closing of the title the er shall deliver to Purchaser a certified check to the order the recording officer of the county in which the deed is to be rded for the amount of the documentary stamps to be affixed eto in accordance with Article 31 of the Tax Law, and a ified check to the order of the appropriate county officer any other tax payable by reason of the delivery of the deed, a return, if any be required, duly signed and sworn by the er; and the Purchaser also agrees to sign and swear to the rn and to cause the check and the return to be delivered to appropriate county officer promptly after the closing of e.

14. The Seller shall give and the aser shall accept a title such as American Title Insurance a member of the New York Board of Title Underwriters, will ove and insure.

15. The amount of any unpaid taxes, ssments, and common charges which the Seller is obligated to and discharge with the interest and penalties thereon to a not less than two business days after the date of closing e, may at the option of the Seller be allowed to the aser out of the balance of the purchase price, provided ial bills therefor with interest and penalties thereon ed to said date are furnished by the Seller at the closing.

16. All monies paid either on the ng of this agreement or as additional deposit shall be held escrow at Nanuet National Bank, Spring Valley, New York, in an nt known as Blank & Katzman, Special Account, to be payable he seller at the date of closing. In the event of default by Purchaser, which default continues for thirty days after e of such default by the Seller, the down payment (to a um of 10% of the purchase price) shall be released to the r from such account as liquidated damages. If the Seller ts such amount as liquidated damages, neither party shall any right or obligation against the other. The trust funds be held in accordance with Section 352 e 2b and 352h of the al Business Law of te State of New York.

17. You have the option to void your act of sale by notice to the Seller if you did not receive ffering Plan approved by the Attorney General's Office of the of New York at least three business days prior to the tion of the Contract of Sale.

18. Any conflict between the Offering

and the Contract of sale will be resolved in favor of the
 Ring Plan.

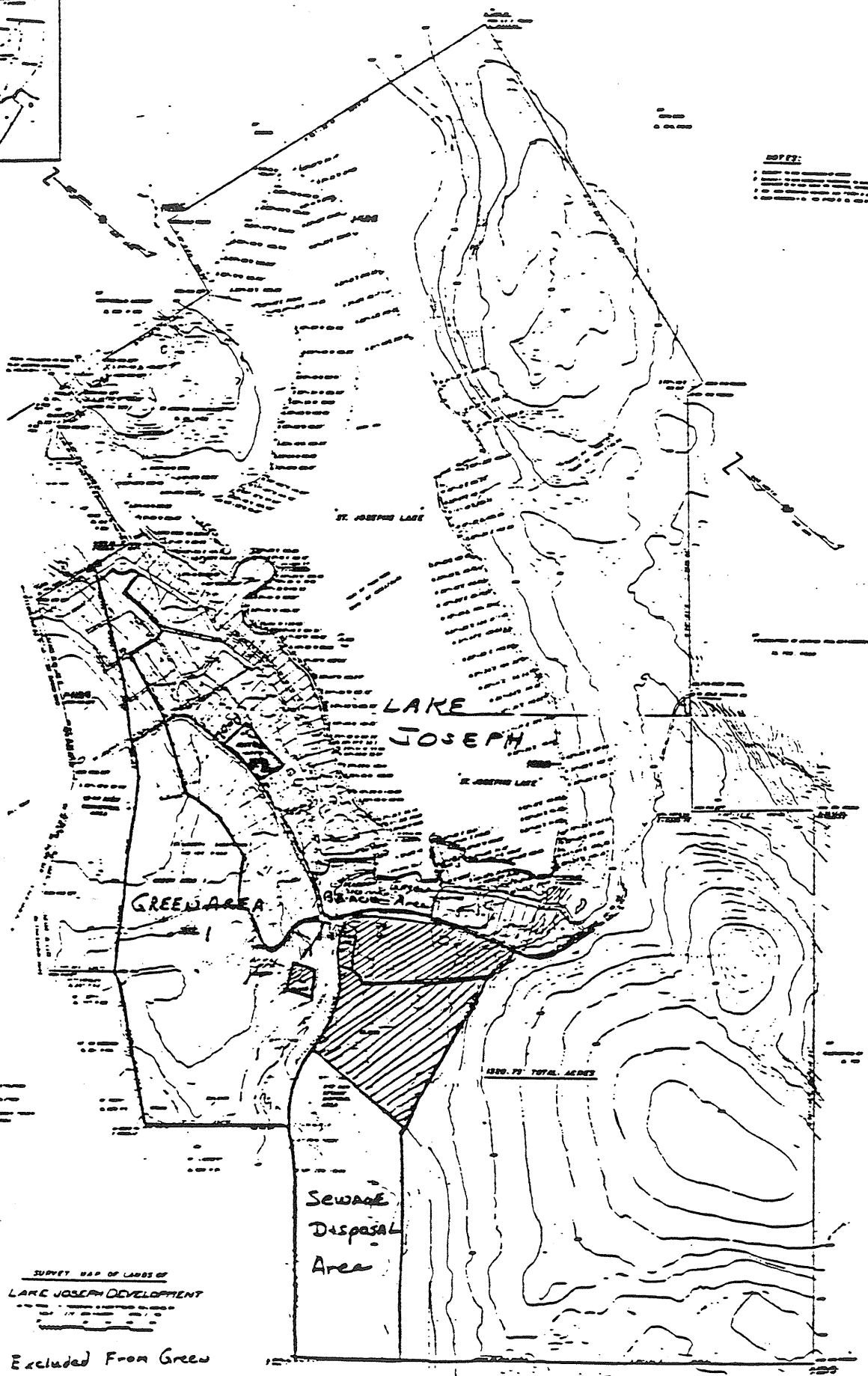
notice to close. 19. The Purchaser will be given fifteen

WITNESS WHEREOF, the parties to these presents have hereunto
 their hands and seals the day and year above written.

JOSEPH REALTY CO.




NOTES:
1. The boundary between the Green Area and the Sewage Disposal Area is shown by a dashed line.
2. The boundary between the Green Area and the Sewage Disposal Area is shown by a dashed line.
3. The boundary between the Green Area and the Sewage Disposal Area is shown by a dashed line.



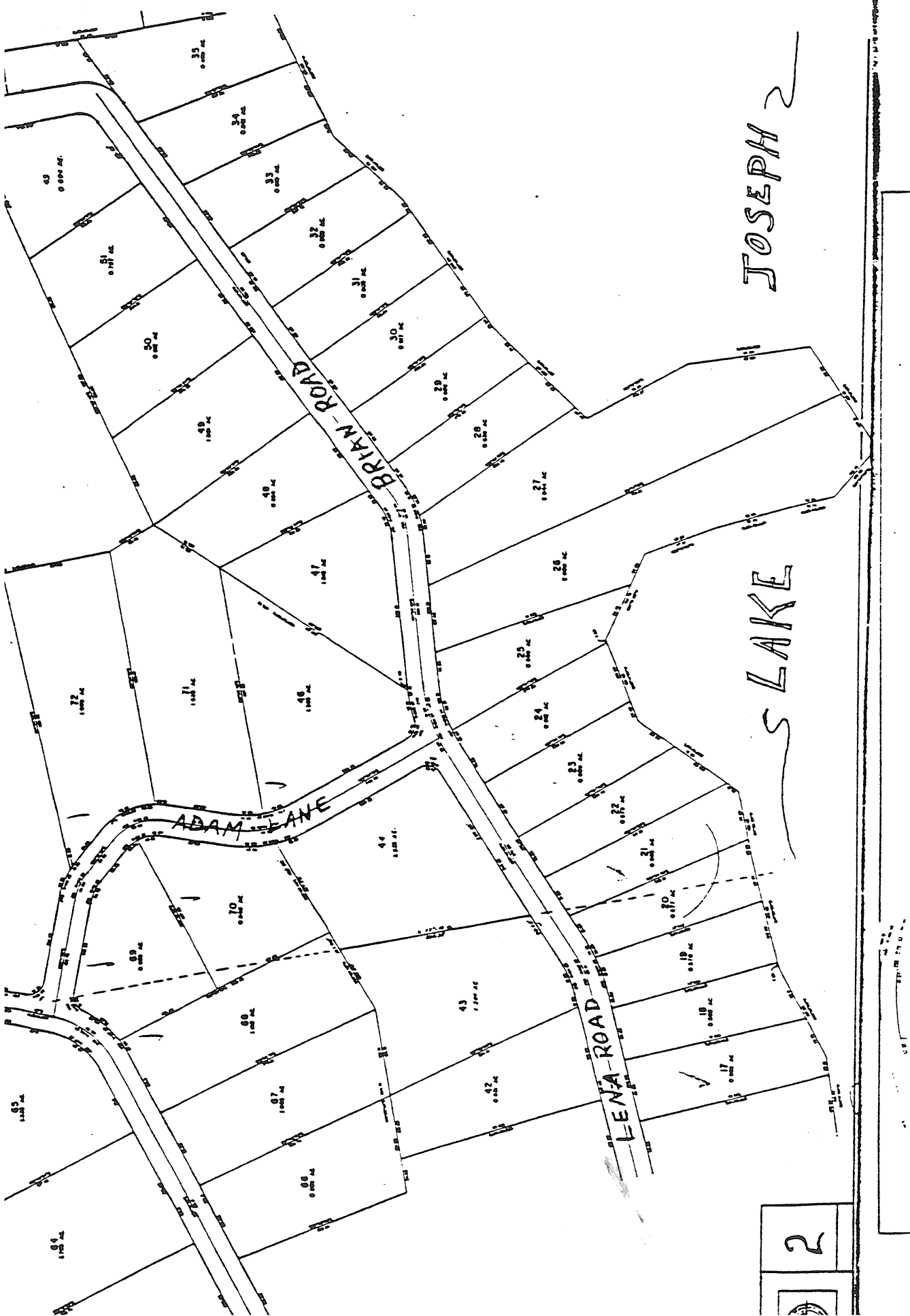
LEGEND
1. Green Area
2. Sewage Disposal Area
3. Excluded From Green Area

SURVEY MAP OF LANDS OF
LAKE JOSEPH DEVELOPMENT

Excluded From Green
Area - 

SCALE 1:100,000





JOSEPH

SLAKE

