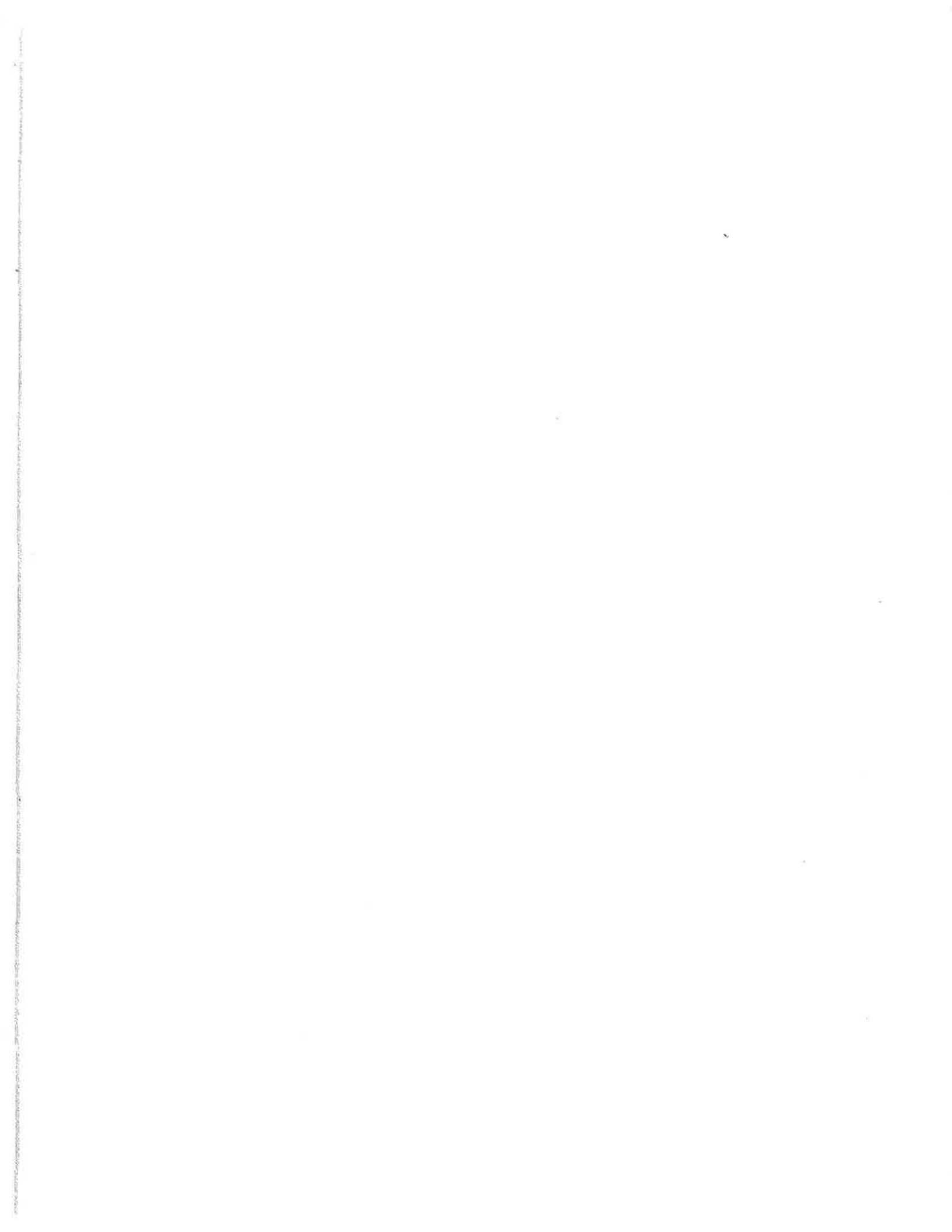


**BONESTEEL
HOMEOWNERS
ASSOCIATION**

DECLARATION

&

BY-LAWS



**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

THIS DECLARATION, made on the date hereinafter set forth by **SORTINO BUILDERS, INC.**, a domestic corporation with offices located at 60 Amy Lane, Rochester, Monroe County, New York, 14626, hereinafter referred to as "Declarant".

WHEREAS, Declarant is the owner of certain real property in the Town of Greece, County of Monroe and State of New York, as shown on a subdivision map filed in the Monroe County Clerk's Office in Liber 286 of Maps at page 99.

WHEREAS, Declarant wishes to provide for the preservation of the values in this senior citizen community and for the maintenance of the buildings and areas of common use, and desires to subject the real property as shown on a subdivision map filed in the Monroe County Clerk's Office in Liber 286 of Maps at page 99 to the Covenants, Conditions, Easements and Restrictions herein set forth, which are for the benefit of the property and each owner of a home therein; and

WHEREAS, the Declarant has deemed it desirable for the preservation of the values and amenities in this senior citizen community to create an Association to which should be delegated the power to maintain and administer the property with the power to enforce the Covenants, Conditions, Easements and Restrictions herein and to collect and disburse the assessments and charges hereinafter created; and

WHEREAS, Bonesteel Homeowners Association, Inc. is a New York Not-for-Profit corporation formed for the purpose of exercising the aforesaid functions.

NOW, THEREFORE, Declarant hereby declares that all of the properties described in the subdivision map shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors

assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Association" shall refer to Bonesteel Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for performance of an obligation.

Section 3. "Properties" shall refer to that certain real property hereinbefore described.

Section 4. "Common Area" shall refer to all real property owned by the owners subject to easements for common use and enjoyment of the owners including a private drive and parking spaces as shown on a map entitled "Plan and Profiles of Bonesteel Townhomes" attached hereto as Exhibit A.

Section 5. "Lot" shall refer to any plot of land shown upon any recorded subdivision map or resubdivision map of the property.

Section 6. "Declarant" shall refer to SORTINO BUILDERS, INC., its successors and assigns if such successors or assigns should acquire more than one undeveloped lot from Declarant for the purpose of development.

ARTICLE II PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every owner shall have a right and easement of enjoyment and an easement for ingress and egress on and over the areas of common use, roads, drives, parking areas, etc., including any necessary rights of ingress and egress to owners' property over the areas of common use, which easement shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

A. The right of the Association, pursuant to its By-Laws, to adopt rules and regulations governing the use of the areas of common use, and the personal conduct of the

members and their guests therein, and to establish penalties for the infraction thereof;

B. The right of Association, pursuant to the By-Laws, to grant easements in the private drive to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the members;

C. The right of invitees and business visitors of any owner to ingress and egress over the private drive; and

D. The right of the individual members to the exclusive use of any parking space which may be provided for members.

ARTICLE III

EASEMENTS

Section 1. Easements for Utilities. Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the properties.

Section 2. Easements for Encroachments. Each lot, and the property included in the areas of common use, shall be subject to an easement for encroachments created by construction, settling and overhangs for all buildings constructed by Declarant. A valid easement for said encroachments, and for the maintenance of same, so long as such encroachments stand, shall and does exist. In the event that any structure containing two or more living units is partially or totally destroyed and then rebuilt, or is in need of repair, the owners of the living units so affected agree that minor encroachments or parts of the adjacent living units on adjoining lots or on the common area due to such construction shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 3. Other Easements. There is hereby created a blanket easement upon, across, over and under all of the properties, for ingress, egress, installation, replacement, repair and maintenance of all utilities, including but not limited to water, sewers, gas, telephones and electricity, and a master cable television system. By virtue of this easement it is expressly per-

missible to erect and maintain the necessary transformers or other equipment on the properties, and to affix and maintain underground electrical or telephone wires and conduits, sewer and water lines on or below any residence of land owned by an owner. An easement is hereby granted to the Association, its officers, agents, employees, including employees of any management company having a contract with the Association over all of the areas of common use, and to enter any residence to perform the duties of maintenance and repair of the residences or areas of common use, to maintain any utilities for which an easement has been granted and to prevent damage to any other residence. An easement is hereby reserved to Declarant to enter the areas of common use during the period of construction and sale of the properties, or any additions to the properties, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, a business office, sales office, storage area, construction yards, signs and model units, provided that this does not unreasonably obstruct access by members of the Association.

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

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

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

Class A. Class A members shall be all owners, with the exception of Declarant. Each Class A member shall be entitled to one vote. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as the owners among themselves determine, but in no event shall more than one vote be cast with respect to any lot, nor shall any member be entitled to more than one vote regardless of the number of lots owned by that member.

Class B. The Class B members shall be the Declarant, its successors or assigns, and shall be entitled to one vote for so long as one lot is owned by Declarant. The Class B membership shall cease and be converted to Class A membership when title to all 9 units have been transferred, or three years after the first unit has been conveyed by Declarant, whichever occurs first. Class A members shall not be entitled to vote for members of the Board of Directors until after all 9 units have been transferred or three years after the first unit is transferred, whichever occurs first.

ARTICLE V

COVENANT FOR ANNUAL OR SPECIAL ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants, and each owner of any lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The covenant in this Section shall not constitute a guarantee,

or promise of any kind by Declarant to pay any assessment, or any other obligation of any owner, other than Declarant. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who is the owner of such lot at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to the owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively (1) to operate, maintain, repair, improve, construct, reconstruct and preserve, on a non-profit basis, the areas of common use for the benefit of its members, their guests, tenants and invitees; and (2) to maintain, repair, reconstruct, replace and preserve, on a non-profit basis the lots, and the improvements constructed thereon, for the purpose of preserving the exterior appearance and configuration of said lots and units, including, but not limited to, foundations, all exterior (outside) walls, including window casements (excluding, nevertheless, all glass replacements or breakage and window screens and excluding window cleaning), exterior chimney and exterior doors (excluding, nevertheless, storm and screen doors), roof and roof members, facia and exterior trim, gutters and down spouts, fences, patios, driveways, walks and parking areas, trees, shrubs and grasses and other exterior improvements. Except for the structural portion of the exterior walls and roof members, there shall be no obligation on the part of the Association to maintain, repair, reconstruct, replace or preserve any part of the interior of any unit or any fixtures or mechanical system (including but not limited to heating, including chimney, lighting, plumbing, air conditioning) for any owner.

Section 3. Date of Commencement of Annual Assessments and Due Dates. The assessments provided for herein shall be fixed from time to time, but at least annually, and shall commence as to all lots on the 1st day of the month following the recording of this Declaration, and shall be prorated on the basis of the Estimated Budget for the first year, published in the

Offering Plan, according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of subsequent assessments from time to time, but at least annually, for each lot at least 30 days in advance of annual assessment period. Written notice of the assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors, and, unless otherwise provided, the Association shall collect each month from the owner of each lot one-twelfth (1/12) of the annual assessment for such lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer, or the Managing Agent, if any, of the Association setting forth whether the assessments on a specified lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the area of common use, and the lots, or any of them, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members, present in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of this Article V shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. The presence of members, in person or by proxy, entitled to cast two-thirds (2/3) of all the votes of the membership shall constitute a quorum.

Section 6. Uniform Equal Rate of Assessment. Both annual and special assessments must be fixed at a uniform equal rate for all lots and may be collected on a monthly basis.

Section 7. Effect of Non-Payment of Assessment and Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, the assessment shall bear interest from the date of

delinquency at the maximum prevailing legal rate per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against such owner's lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such owner, by his acceptance of a deed to a lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of liens against real property, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage foreclosure on real property and such owner hereby expressly grants to the Association a power of sale in connection with the foreclosure of said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other lot owners. The Association, acting on behalf of the lot owners, shall have the power to bid for the interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting owner's portion of the premium for fire and other hazard insurance. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the areas of common use, abandonment of his lot, or by renunciation of membership in the Association. An owner may give to the Association, nevertheless, subject to acceptance thereof by the Association, a deed in lieu of foreclosure.

Section 8. Subordination of the Association Lien to First Mortgagees. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to foreclosure of any first mortgage, or by deed in lieu of foreclosure, given as above provided, shall extinguish the lien of such assessments as to payments which were due prior to the foreclosure sale and transfer. No foreclosure sale or transfer shall relieve such lot owner from liability for any assessments thereafter becoming due or relieve the lot from the lien

thereof.

Section 9. Reserves and Surplus. The Association's Board may establish, from time to time, reserves for such lawful purposes as in its sole discretion it may determine necessary to be desirable for the greater financial security of the Association and the effectuation of its purposes. The Association shall not be obligated to spend in any fiscal year all the sums collected in such year, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply any such surplus to the reduction of the amount of the annual assessment in the succeeding year, but may carry forward the same from year to year.

Section 10. Contractual Authority. The Association shall be entitled to contract with any corporation, firm or other entity in the performance of the various duties imposed on the Association hereunder and the performance by any such entity shall be deemed the performance of the Association hereunder.

Section 11. Payments by Declarant. In spite of any provision to the contrary in this Article V, the Declarant shall not be liable for the payment of common charges for any unsold lots owned by it, unless and until said lots are improved by completed units. For purposes of this section, a completed unit shall be a unit for which a Certificate of Occupancy has been issued by the Town of Greece. The Declarant shall, however, contribute to the Association the amount equal to the difference between the cost of operating the Association and the assessments collected from owners as set forth in the projected budget. Similarly the Declarant shall not be obligated to make any capital contribution except for the units which have been completed and are retained by Declarant.

ARTICLE VI

EXTERIOR MAINTENANCE

Section 1. Common Area Maintenance. The Association shall repair and maintain the areas of common use, including the private drive, driveways, parking areas and all landscaped areas and also maintain, repair and replace all pipes, wires and conduits located in the areas of common use for which a utility company or other entity is not responsible. The Asso-

ciation shall also be responsible for maintenance of all shrubbery and other plants installed by the Association.

Section 2. Exterior Building Maintenance. In addition to the maintenance of the areas of common use, the Association shall provide exterior maintenance upon each building as follows: paint, stain, repair, replace and protect roofs, gutters, down spouts, exterior building surfaces and other exterior improvements, including snow plowing of the private drive, drive-ways and parking areas. Such exterior maintenance shall not include any patios, glass surfaces or doors, ~~screen or screen doors.~~ The homeowner shall be individually responsible for the maintenance of the exterior post mounted outdoor light in the front yard of each unit.

Section 3. Repairs and Maintenance Which Are Not the Responsibility of the Association. Any maintenance, repair or replacement necessary to preserve the appearance and value of the property but which is occasioned by a negligent or willful act or omission of an owner (including any family member, guest or invitee of the owner or the declarant), shall be made at the cost and expense of such owner or the declarant, as the case may be. If such repair or replacement is performed by the Association, it shall not be regarded as a common expense, but rather shall be considered an expense attributable to the specific lot and such cost shall be added to the owner's assessment and shall constitute a lien on the lot to secure the payment thereof. Maintenance of the lot and the home thereon shall not be provided by the Association, and shall be the responsibility of the lot owner.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Article VII, the general rule of law regarding party walls and liability for property damage due to negligence or willful acts or omissions, shall apply to each party wall which is built as a part of the original construction of the homes upon the properties and any replacement thereof.

In the event that any portion of any structure, as originally constructed by

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

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the owners who make use of the wall.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, and such damage is not otherwise covered by insurance as set forth in Article X, any owner who has used the wall must restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

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

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators

shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. The decision of the arbitrators shall be binding and conclusive upon the parties. However, any party to the dispute shall thereafter have the right to institute any action or proceeding, at law or equity, which he deems necessary or desirable to appeal this decision.

ARTICLE VIII

OWNERSHIP AND OCCUPANCY OF HOMES

Section 1. Ownership Restriction. Ownership of homes in this project shall be restricted to individuals who are at least 55 years of age at the time they take title to a home. If more than one individual holds title to the home, at least one of those individuals must be at least 55 years of age.

Section 2. Renting of Homes. Homes in this project may not be rented to anyone who is under the age of 55 years. In the event of a rental to an individual or individuals who are at least 55 years of age, such rental must be for a minimum period in excess of 30 days.

ARTICLE IX

ALTERATION OF UNITS AND USE OF PROPERTY

Section 1. Alteration to Improvements. Once initially constructed improvements have been completed on a lot, no exterior alteration, addition or modification to these improvements may be made by an owner or his successor without first obtaining the prior written approval of the Board of Directors which, in its discretion, may require such reasonable plans and specifications before reviewing any such request for alteration.

Section 2. Advertising and Signs. Except for signs erected by or the permission of the Declarant in connection with the initial development, lease or sale of lots, no political or additional sign or other advertising device of any nature shall be placed for display to the public on any lot or other portion of the property, except temporary signs placed in building windows advertising property for sale or rent.

Section 3. Pets. No animals of any kind shall be raised, bred or kept in any dwelling or lot except a single animal or bird commonly known as a household pet unless prior written con-

sent is obtained from the Board of Directors. No owner or resident shall allow any pet to run free on the areas of common use. Pets on the areas of common use shall be on leash and accompanied by an adult. Owners shall be responsible for picking up after pets.

Section 4. Plantings, Screening and Fences. Any plantings, fence enclosures or walls initially developed on a lot or other portion of the property shall not be removed or replaced with other than a similar type of planting, fence or wall except with the permission of the Board of Directors or the Architectural Committee if one has been appointed. Except for the foregoing, no fence, wall or planting of any kind shall be planted, installed or erected upon a lot or other portion of the property unless approved by the Board of Directors or the Architectural Committee if one has been appointed. Notwithstanding the foregoing, no fence, wall or planting shall be maintained so as to obstruct sight lines for vehicular traffic.

Section 5. Garbage and Refuse Disposal. Except for building materials during the course of construction or repair of any approved improvements, no lumber, metals, bulk materials, wood piles, 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 outdoors. All such trash shall be kept within the garage or in the owner's home. Trash containers may be placed in the open within 24 hours of a scheduled pick-up, at such place designated by the Board of Directors or the Architectural Committee so as to provide access to persons making such pick-up. The Board of Directors or the Architectural Committee may, in its discretion, adopt and promulgate reasonable rules and regulations relating to size, shape, color and type of containers permitted and the manner of storage of the same on any portion of the property.

Section 6. No Above Surface Utilities Without Approval. Except for electric transformers and connecting terminals, no facilities, including without limitation, poles and wires for the transmission of electricity or telephone messages, and water, gas, sanitary and storm sewer drainage pipes and conduits shall be placed or maintained above the surface of the ground on any portion of the property without the prior written approval of the Board of Directors or the Architectural Committee.

Section 7. Noxious or Offensive Activities. No noxious or offensive activity shall be carried out upon any portion of the property, nor shall anything be done thereon that may be or become a nuisance or annoyance in the area or to the residents or owners thereof. The emission of smoke, soot, fly ash, dust, fumes, herbicides, insecticides and other types of air pollution or radioactive emissions or electro-magnetic radiation disturbances, shall be controlled so as not to (i) be detrimental to or endanger the public health, safety, comfort or welfare; (ii) be injurious to property, vegetation or animals; (iii) adversely affect property values or otherwise produce a public nuisance or hazard, or (iv) violate any applicable zoning regulation or other governmental law, ordinance or code.

Section 8. Dwelling in Other Than Residential Units. No temporary building, trailer, basement, tent, shack, barn, outbuilding, shed, garage or building in the course of construction, or other temporary structure shall be used, temporarily or permanently, as a dwelling on any lot or other portion of the property except with the consent of the Board of Directors.

Section 9. Television and Radio Antennas. No outside television or radio antennas, nor any satellite dish or disc, shall be erected on any lot or other portion of the property except with the consent of the Board of Director or the Architectural Committee.

Schedule 10. Residential Use Only. Except as provided in Section 11 below, the property shall be used only for residential purposes and purposes incidental and accessory thereof except that so long as the Declarant holds for sale any lot or dwelling on the property, the Declarant may use one or more lots or other portions of the property for model homes and/or a real estate office.

Section 11. Commercial and Professional Activity on Property. No wholesale or retail business, including any salon, studio, laboratory, home industry or medical or dental office, shall be conducted in or on any lot or other portion of the property, except (i) by the Declarant in conjunction with the initial construction, development, lease and sale of lots and (ii) the conducting of business by telephone. This restriction is not intended to preclude the operation of an in-home office for purposes other than those set forth above.

Section 12. Outside Storage. Outside storage or parking for commercial or recreational vehicles, camper bodies, boats and trailers shall be prohibited except as may be otherwise permitted by the Association's Board of Directors, (unless prohibited altogether by the applicable zoning requirements).

Section 13. Outdoor Repair Work. With respect to a lot or other portion of the property to which title has been transferred by the Declarant, no work on any motor vehicles, boats or machines of any kind shall be permitted outdoors on the property, except with the consent of the Board of Directors.

Section 14. Oversized, Commercial or Unlicensed Vehicles. Unless used on connection with the construction or sale of units by the Declarant, or maintenance of the property, or unless otherwise consented to by the Board of Directors, the following shall not be permitted to remain overnight on the property:

- (a) commercial vehicles of a weight of over one ton
- (b) unlicensed motor vehicles of any type

Section 15. Clotheslines. No outdoor drying or airing of any clothing or bedding shall be permitted within the property unless authorized by the Board of Directors or the Architectural Committee.

Section 16. Pools. No in-ground or above ground pool shall be permitted anywhere on the property.

Section 17. Air Conditioners. No unit owner shall install or permit to be installed any-mounted or through-the-wall mounted air conditioning unit in his unit.

ARTICLE X

INSURANCE AND CASUALTY DAMAGE

Section 1. Fire and Casualty Insurance. The Association will obtain and maintain in force and effect a policy of fire and other casualty insurance, in an amount, and with such coverage, as is acceptable to the Association, and with coverage adequate to cover the full replacement cost of any repair or reconstruction work on the buildings. An annual evaluation

shall be made by the Board of Directors to determine the adequacy of the insurance. Each owner will be issued a certificate from the master policy which will indicate the amount of coverage on the owner's unit and will name the owner and the Association as the insured. The premium for this fire and casualty insurance shall be billed to the Association and the cost thereof shall be included in the annual assessment to the owners.

In the event of damage or destruction by fire or other casualty insured against to an owner's unit, the Association shall receive the proceeds of such insurance, and make such proceeds available to the owner for repair or replacement of the owner's unit. The owner shall, upon receipt of notification of the availability of insurance proceeds, repair or rebuild such damaged or destroyed portions of the exterior of the owner's unit in a good workmanlike manner substantially the same as the original plans and specifications of said unit. If the owner refuses or fails to repair or rebuild the exterior within 30 days, the Association may repair or rebuild such exterior, paying for the same from the insurance proceeds, and shall deliver to the owner any excess insurance proceeds.

If the insurance proceeds are insufficient to complete the repairs, the owner is required to reimburse the Association for the cost of such repairs or reconstruction, and the Association shall have a lien on the owner's unit to secure such reimbursement. The lien is enforceable in the same manner as the lien for annual assessments. In the event of a casualty loss, the owner will continue to pay the common charges of his unit.

Section 2. Liability Insurance. The Association shall obtain and keep in full force and effect a policy of general liability insurance on the areas of common use. The premium for this insurance shall be billed to the Association and the cost thereof shall be included in the annual assessment to the owners.

Each owner may desire to insure his personal affects and the interior of the unit for fire and liability. Such insurance, if taken by the unit owner, will be paid by the owner directly.

ARTICLE XI
OTHER INSURANCE

The Board of Directors may also obtain such other insurance as it shall deem necessary or desirable from time to time, including "umbrella" catastrophe coverage.

The Board of Directors shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Directors may from time to time determine, covering each member of the Board of Directors, the managing agent and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another.

Section 1. No Liability for Failure to Obtain Above Coverages. The Board of Directors shall not be liable for failure to obtain any of the coverages required by this section or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable cost.

Section 2. Deductible. The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense if the loss involves property for which the Association has maintenance responsibility, provided, however, that the Board of Directors of the Association may assess any deductible amount necessitated by the gross negligence or wantonly malicious act of an owner against such owner. The Association may pay the deductible portion for which such owner is responsible, and the amount so paid, together with interests and costs of collection (including attorney's fees), shall be a charge and continuing lien upon the lot involved, shall constitute a personal obligation of such owner and shall be collectible in the same manner as assessments under Article VI of this Declaration.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants,

reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of 30 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years. This Declaration may be amended during the first 30 year period by an instrument signed by not less than 80% of the lot owners, and thereafter by an instrument signed by not less than 75% of the lot owners. Any amendment must be recorded.

Section 4. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable and the necessary grammatical changes required to make the provisions hereof apply either in corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this ____ day of _____, 1996.

SORTINO BUILDERS, INC.

By: _____
JOSEPH SORTINO, President

STATE OF NEW YORK)
COUNTY OF MONROE)

On this ____ day of _____, 1996, before me personally came **JOSEPH SORTINO**, to me personally known, who, being by me duly sworn, did depose and say that he resides in Rochester, New York, that he is the President of **SORTINO BUILDERS, INC.**, the corporation described in, and which executed, the within Instrument; that he knows the seal of

said corporation; that the seal affixed to said Instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

NOTARY PUBLIC

CERTIFICATE OF INCORPORATION

OF

BONESTEEL HOMEOWNERS ASSOCIATION, INC.

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

The undersigned, for the purpose of forming a corporation under Section 402 of the Not-for-Profit Corporation Law of the State of New York, does hereby certify that:

1. The name of the corporation is **BONESTEEL HOMEOWNERS ASSOCIATION, INC.**
2. The corporation is a corporation as defined in Subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law.
3. The purposes for which the corporation is formed are: To promote and protect the interests of the owners of property in Bonesteel Subdivision; to provide for the acquisition, development, construction, management, maintenance and preservation of corporation property; to enforce all covenants, easements, restrictions and agreements within the subdivision; and to any act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its members, directors or officers except as permitted under the Not-for-Profit Corporation Law.
4. The corporation shall be a Type A Corporation under Section 201 of the Not-for-Profit Corporation Law.
5. The offices of the corporation is to be located in the County of Monroe and State of New York.
6. The names and addresses of the initial directors of the corporation are:

JOSEPH SORTINO
60 Amy Lane
Rochester, New York 14626


LAUREEN SORTINO
60 Amy Lane
Rochester, New York 14626

LILLIAN SORTINO
24 Laureen Lane
Rochester, New York 14626

7. The Secretary of State of the State of New York is hereby designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon him is:

Bonesteel Homeowners Association
60 Amy Lane
Rochester, New York 14626

IN WITNESS WHEREOF, the subscriber has signed this certificate this 20 day of October, 1995 and hereby affirms that the statements made herein are true under the penalties of perjury.



JOSEPH SORTINO
60 Amy Lane
Rochester, New York 14626

BY-LAWS OF BONESTEEL HOMEOWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

		<u>PAGE</u>
ARTICLE I	NAME AND LOCATION	80
ARTICLE II	DEFINITIONS	80
ARTICLE III	MEETING OF MEMBERS	81
ARTICLE IV	BOARD OF DIRECTORS; SELECTION; TERM TERM OF OFFICE	82
ARTICLE V	NOMINATION AND ELECTION OF DIRECTORS	83
ARTICLE VI	MEETINGS OF DIRECTORS	84
ARTICLE VII	POWERS AND DUTIES OF THE BOARD OF DIRECTORS	84
ARTICLE VIII	OFFICERS AND THEIR DUTIES	87
ARTICLE IX	FISCAL MANAGEMENT	89
ARTICLE X	INDEMNIFICATION	90
ARTICLE XI	COMMITTEES	90
ARTICLE XII	TENANTS	90
ARTICLE XIII	BOOKS AND RECORDS	90
ARTICLE XIV	ASSESSMENTS	91
ARTICLE XV	CORPORATE SEAL	91
ARTICLE XVI	AMENDMENTS	91
ARTICLE XVII	CONSTRUCTION AND INTERPRETATION	91

BY-LAWS OF
BONESTEEL HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

Section 1. Name and Location. The name of the corporation is **BONESTEEL HOMEOWNERS ASSOCIATION, INC.** The principal office of the corporation shall be located at 60 Amy Lane, Rochester, Monroe County, New York, 14626, but meetings of members and directors may be held at such places within the State of New York, Monroe County, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to the **BONESTEEL HOMEOWNERS ASSOCIATION, INC.**, its successors and assigns.

Section 2. "Owner" shall mean and refer to the owner, whether now or hereafter owned, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation, unless or until such secured parties have acquired title pursuant to a foreclosure, or any proceedings in lieu of foreclosure.

Section 3. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration. It shall be appurtenant to and may not be separated from such lot ownership.

Section 4. "Areas of Common Use" shall mean all real property owned by the owners subject to easements for common use and enjoyment of the owners.

Section 5. "Lot" shall mean and refer to any plot of land shown upon the filed subdivision map of the properties, with the exception of the common areas, which is or will be, improved by one unit dwelling structure.

Section 6. "Unit" shall mean and refer to the structure built on any lot.

Section 7. "Maps" shall mean and refer to any and all subdivision maps recorded or filed, from time to time, in the Monroe County Clerk's Office covering the properties.

Section 8. "Declarant" shall mean and refer to Sortino Builders, Inc., its successors and assigns.

Section 9. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the Monroe County Clerk's Office.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the members shall be held no later than three months after the conveyance of the first lot under the approved Offering Plan, and each subsequent regular annual meeting of the members shall be held during the same month as the first annual meeting, at a date and time to be fixed by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote.

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 mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Waiver of Notice. Notice of Meeting need not be given to any member who submits a signed waiver of notice thereof whether before, during or after a meeting, nor to any member who attends the meeting without protesting prior to the conclusion thereof the lack of

notice to him.

Section 5. Quorum. The presence at the meeting of members entitled to cast or of proxies entitled to cast one-half (1/2) of the total number of votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such 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 represented.

Section 6. 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 that member's lot.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

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

Section 2. Initial Board of Directors. Until the first annual meeting, the names and addresses of the directors shall be as follows:

Joseph Sortino
60 Amy Lane
Rochester, New York 14626

Laureen Sortino
60 Amy Lane
Rochester, New York 14626

Lilian Sortino
24 Laureen Lane
Rochester, New York 14626

The initial Board of Directors shall be declarant, who is authorized to choose the directors until all lots have been sold or three years after transfer of the first lot, whichever occurs

first.

Section 3. Term of Office. Members shall initially elect three Directors at the first annual meeting. The members shall elect one director for a term of one year, one director for a term of two years and one director for a term of three years, and at each annual meeting thereafter, the members shall elect one director for a term of three years.

Section 4. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No director shall receive compensation for any service he may render to the Association. The Board may, however, by resolution, contract for and compensate any director rendering unusual, exceptional or professional services to the Association in an amount appropriate to the value of such services. Any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting. Such nominations may be made from among members.

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

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meeting. Regular meetings of the Board of Directors shall be held by-monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that 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, or by any two directors, after not less than three days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done 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.

Section 4. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all of the members of the Board consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board of Directors.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall exercise all the powers and duties permitted the governing body of the Association, including those existing under the Not-for-Profit Corporation Law of New York State. Such powers and duties shall be exercised in accordance with the provisions of the Declaration, and shall include but shall not be limited to the following powers and duties:

A. To make and collect assessments, including special assessments, against members to defray the costs of the Association.

B. To use the proceeds of assessments in the exercise of its powers and duties.

C. To assure the maintenance, repair, replacement and operation of all areas of common use for the enjoyment of the unit owners.

D. To assure the reconstruction of improvements after casualty and the further improvement of the properties.

E. To make and amend regulations respecting the use of the areas of common use, lots and units.

F. To enforce by legal means the provisions of the Declaration, By-Laws and Regulations for the use of the properties.

G. To procure and maintain adequate liability and hazard insurance on the property. The Board shall, on an annual basis, review the amount of insurance coverage in order to assure that the Association and the owners are fully protected.

H. To employ personnel for reasonable compensation to perform, or to retain and/or contract for, the services required for proper administration of the purposes of the Association.

I. To contract for management of the Association and to delegate to such contractor the powers and duties of the Board of Directors except such as are specifically required by the Association's Certificate of Incorporation or By-Laws to have approval of the Board of Directors.

J. To suspend the right to the use of the areas of common use except for ingress and egress over the member's lot, during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended over a notice and hearing for a period not to exceed 60 days for an infraction of published rules and regulations.

K. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board of Directors.

L. To establish a capital reserve fund for repair and replacement of those dete-

riorating assets for which the Association is responsible.

M. To approve the annual budget as prepared by the Treasurer.

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

A. Cause to be kept a complete record of all of its acts and Association affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by at least one-fourth of the members who are entitled to vote;

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

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

(1) Fix the amount of the annual assessment against each lot at least 30 days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least 30 days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within 30 days after their due date, or to bring an action at law against the owner personally obligated to pay the same;

D. Issue, or cause an appropriate officer to issue, upon demand by any person, a Certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these Certificates. If a Certificate states an assessment has been paid, such Certificate shall be conclusive evidence of such payment;

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

F. To assure the maintenance and repair of members' property and the areas of common use for the enjoyment of unit owners;

G. To cause a financial statement for the Association to be prepared and certified by the Association's independent public accountant following the end of the fiscal year.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice president, who shall, at all times, be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may, from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the members of the Association. Election shall be by a majority vote.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless that officer shall sooner resign or shall be removed, or otherwise disqualified to serve.

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

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified thereon, and unless otherwise specified thereon, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office not be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers shall be as follows, or as may later be es-

tablished by written resolution of the Board of Directors:

A. President: The president shall preside at all meetings of the Board of Directors; see that orders and resolutions of the Board are carried out; shall sign, when appropriate, all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

B. Vice President: The vice president shall act in the place and instead of the president in the event of the president's absence, inability or refusal to act; and shall exercise and discharge such other duties as may be required of such officer by the Board.

C. Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses.

D. Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board; co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; 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.

E. The compensation, if any, of all officers and employees of the Association shall be fixed by the Board of Directors. However, a member of the Board shall not be entitled to compensation for his services as such, but he may be reimbursed for any out-of-pocket expenses incurred on behalf of the Association. This provision shall not preclude the Board of Directors from employing a Director as an officer or employee of the Association.

ARTICLE IX
FISCAL MANAGEMENT

The provisions for fiscal management of the Association as set forth in the Declaration shall be supplemented by the provisions which follow:

1. **Assessment Roll**. The assessment roll shall be maintained in a set of books of account in which there shall be an account for each lot in the subdivision. Such an account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessments came due, the amounts paid upon the account and the balance due upon assessments.

2. **Budget**. The Board of Directors shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Association in the manner provided for in the Declaration.

3. **Depository**. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall only be by checks signed by such persons as are authorized by the Board.

4. **Audit**. An audit of the accounts of the Association including a summarization of receipts and expenditures, shall be made annually at the end of each fiscal year by a certified public accountant, selected by the Board, and a copy of the report, including the summarization of receipts and expenditures for the year, shall be furnished to each member.

5. **Fidelity Insurance**. Fidelity insurance shall be required by the Board of Directors for all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such insurance shall be determined by the Board of Directors, but shall be at least the amount of the total annual assessments against members. The premium on such insurance shall be a common expense and be paid by the Board of Directors.

ARTICLE X INDEMNIFICATION

To the extent permitted by law, the Association shall indemnify and hold harmless any person made a party to any proceeding by reason of the fact that such person is or was a Director or officer of the Association against any loss or expense incurred by said person by reason of such proceeding, including the settlement thereof, except in relation to matters which such person is adjudicated to be liable for gross misconduct in the performance of that person's duties.

ARTICLE XI COMMITTEES

The Board of Directors may appoint an Architectural Committee, as provided in the Declaration. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XII TENANTS

Any lease of a building within the subdivision shall provide for full compliance by the tenant with the Declaration, these By-Laws, and the rules and regulations of the Association. Should a tenant be in violation thereof at any time, the Association may send the owner of the unit which said tenant occupies written notice of such violation by certified or registered mail, return receipt requested, at his or her address as set forth in the books and records of the Association. If the violation is not cured or eviction proceedings commenced against the tenant by the owner at the owner's expense within 10 days after the owner has received notice of such violation, the Association may pursue any remedies which it may have.

ARTICLE XIII 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 In-

corporation 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 cost.

ARTICLE XIV ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special 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 30 days after the due date, the assessment shall bear interest from such date at the legal rate of interest and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and the interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. In addition, the Association has the right to levy a late charge on delinquent accounts five days after the assessment is due.

ARTICLE XV CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: **BONESTEEL HOMEOWNERS ASSOCIATION, INC., CORPORATE SEAL.**

ARTICLE XVI AMENDMENTS

The Board shall have the power to adopt, amend or repeal the By-Laws of the Association by two-thirds vote entire Board at any meeting of the Board.

ARTICLE XVII CONSTRUCTION AND INTERPRETATION

Section 1. The Association shall have the right to construe and interpret the provisions of these By-Laws and in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation shall be final and binding as to all persons or property benefited or bound by the provisions hereof.

Section 2. Any conflict in construction or interpretation between the Association and any other person or entity entitled to enforce the provisions hereof shall be resolved in favor of the construction or interpretation of the Association. The Association may adopt and promulgate reasonable Rules and Regulations regarding the administration, interpretation and enforcement of the provisions of the Declaration and these By-Laws. In so adopting and promulgating such Rules and Regulations, and in making any finding, determination, ruling, or order, or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules or regulations, the Association shall take into consideration the best interests of the owners and residents of the property to the end that the property shall be preserved and maintained as a high quality community.

Section 3. In the case of any conflict between the Certificate of Incorporation of the Association and these By-Laws, the Certificate of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Secretary



**ATTORNEY GENERAL
OF THE STATE OF NEW YORK
MODEL FORM
FOR ESCROW AGREEMENT
ADOPTED BY SPONSOR AND ESCROW AGENT**

AGREEMENT, made this ____ day of _____, 19__ between SORTINO BUILDERS, INC. (the "Sponsor"), as sponsor of the Bonesteel Homeowners Association, Inc. Offering Plan, and ANTHONY J. AMOROSO, ESQ., ("Escrow Agent") as escrow agent.

WHEREAS, Sortino Builders, Inc. is the sponsor of an Offering Plan for premises located in the Bonesteel Subdivision, in the Town of Greece, County of Monroe and State of New York; and

WHEREAS, Anthony J. Amoroso, Esq. is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-3(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, sponsor desires that Anthony J. Amoroso, Esq. act as escrow agent for deposits and payments by purchasers, pursuant to the terms of this Agreement.

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1. Sponsor and escrow agent hereby establish a escrow account with escrow agent for the purpose of holding deposits made by purchasers. The escrow account has been opened by the escrow agent with Manufacturers and Traders Trust Company, 44 Exchange Street, Rochester, New York, 14614.

1.2. The name of the account is Bonesteel Townhomes Escrow Account.

1.3. Escrow agent is the sole signatory on the account.

1.4. The escrow account shall be an interest-bearing account as disclosed in the Offering Plan.

1.5. The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1. All deposits received from prospective purchasers prior to closing, whether in the form of checks, drafts, money orders, wire transfers or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser to the order of Anthony J. Amoroso, Esq., as Escrow Agent for Bonesteel Townhomes Offering Plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser promptly, but in no event more than 5 business days following receipt of such instrument by escrow agent. In the event of such return of funds, the instrument shall be deemed not to have been delivered to escrow agent pursuant to the terms of this Agreement.

2.2. Within 10 business days after tender of the deposit submitted with the purchase agreement, escrow agent shall notify the purchaser of the deposit of such funds in the bank indicated in the Offering Plan, provide the account number and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within 15 business days after tender of the deposit, the purchaser may cancel the purchase and rescind within 90 days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the purchaser.

3. RELEASE OF FUNDS.

3.1. Escrow agent shall hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser, (b) a determination of the Attorney General,

or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3.2. Sponsor shall not object to the release of the escrowed funds to a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

3.3. If there is no written agreement between the parties to release the escrowed funds, Escrow Agent shall not pay the funds to sponsor until escrow agent has given the purchaser written notice of not fewer than 10 business days. Thereafter, the funds may be paid to sponsor unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified escrow agent in accordance with such provisions.

4. **RECORD KEEPING.**

4.1. Escrow agent shall maintain all records concerning the escrow account for 7 years after release of the funds.

4.2. Upon the dissolution of a law firm which was escrow agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

4.3. Escrow agent shall make available to the Attorney General, upon his request, all books and records of escrow agent relating to the funds deposited and disbursed hereunder.

5. **GENERAL OBLIGATION OF ESCROW AGENT.**

5.1. Escrow agent shall maintain the accounts called for in this Agreement under the direct supervision and control of escrow agent.

5.2. A fiduciary relationship shall exist between escrow agent and purchasers,

and escrow agent acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

6.1. Sponsor agrees that sponsor and its agents, including any selling agents, shall immediately (but in no event later than 3 business days after receipt) deliver all deposits received by them prior to closing of an individual transaction to escrow agent.

6.2. Sponsor agrees that it shall not interfere with escrow agent's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1. This Agreement shall remain in effect unless and until it is cancelled, by either:

A. Written notice given by sponsor to escrow agent of cancelation of designation of escrow agent to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor escrow agent; or

B. The resignation of escrow agent upon giving notice to sponsor of its desire to so resign, which resignation with respect to funds on deposit in the Escrow Account prior to notice of such resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor escrow agent. The escrow agent shall not be obligated to accept any funds into escrow after notice of his resignation; or

C. All units offered pursuant to the Plan have been sold and all sales transactions have been consummated.

7.2. Upon termination of the duties of escrow agent as described in paragraph 7.1. above, escrow agent shall deliver any and all funds held by him in escrow and any and all contracts or documents maintained by escrow agent to the new escrow agent.

8. SUCCESSOR AND ASSIGNS.

8.1. This Agreement shall be binding upon sponsor and escrow agent and their successors and assigns.

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

10.1. Sponsor agrees that escrow agent's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to escrow agent, if any, shall not be deducted from escrowed funds by any financial institution under any circumstances.

11. SEVERABILITY.

11.1. If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1. This Agreement, read together with GBL Section 352-3(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the

day and year first written above.

ESCROW AGENT

ANTHONY J. AMOROSO, ESQ.

SPONSOR

SORTINO BUILDERS, INC.

By: JOSEPH SORTINO, President